

CEDERBERG LOCAL MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS

30 JUNE 2019

CEDERBERG LOCAL MUNICIPALITY

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CEDERBERG LOCAL MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

Cederberg Local Municipality performs the functions as set out in the Constitution. (Act no 105 of 1996)

LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Cederberg Local Municipality includes the following areas:

Algeria	Graafwater
Clanwilliam	Leipoltville
Lamberts Bay	Elands Bay
Citrusdal	

MEMBERS OF THE COUNCIL

Ward 1	Cllr J Meyer
Ward 2	Cllr RV Pretorius
Ward 3	Cllr BF Zass (Resigned 29 June 2019)
Ward 4	Cllr P Straus
Ward 5	Cllr WJFarmer
Ward 6	Cllr RG Witbooi
Proportional	Cllr Sokuyeka
Proportional	Cllr EN Majikejela
Proportional	Cllr NS Qunta
Proportional	Cllr M Nel
Proportional	Cllr L Scheepers

MEMBERS OF THE MAYORAL COMMITTEE

Cllr WJ Farmer (Executive Mayor)
Cllr F Sokuyeka (Deputy Executive Mayor)
Cllr J Meyer
Cllr RG Witbooi

MUNICIPAL MANAGER

Mr PL Volschenk

CHIEF FINANCIAL OFFICER

Mr Elrico Alfred

AUDIT COMMITTEE

Pieter Strauss (Chairperson)
Leone Arendse
Marjorie Linnert

REGISTERED OFFICE

2A Voortrekker Road
Clanwilliam

POSTAL ADDRESS

Private Bag x2
Clanwilliam
8135

CEDERBERG LOCAL MUNICIPALITY

GENERAL INFORMATION

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

ABSA Bank Limited

ATTORNEYS

TNK Attorneys

Burger & Marias Attorneys

Erasmus & Associates

Grant Spammer Attorneys

KM Ramodike Attorneys

Mervin Doralingo

Enderstein Van der Merwe

Lizel Venter Attorneys

RELEVANT LEGISLATION

Basic Conditions of Employment Act (Act no 75 of 1997)

Collective Agreements

Division of Revenue Act

Electricity Act (Act no 41 of 1987)

Employment Equity Act (Act no 55 of 1998)

Housing Act (Act no 107 of 1997)

Infrastructure Grants

Municipal Budget and Reporting Regulations

Municipal Cost Containment Regulations 2019

Municipal Finance Management Act (Act no 56 of 2003)

Municipal Planning and Performance Management Regulations

Municipal Property Rates Act (Act no 6 of 2004)

Municipal Regulations on a Standard Chart of Accounts, 2014

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

National Environmental Management Act

Occupational Health and Safety Act

Preferential Procurement Policy Framework Act, 200

SALBC Leave Regulations

Skills Development Levies Act (Act no 9 of 1999)

Supply Chain Management Regulations, 2005

The Income Tax Act

Unemployment Insurance Act (Act no 30 of 1966)

Value Added Tax Act

Water Services Act (Act no 108 of 1997)

CEDERBERG LOCAL MUNICIPALITY

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

APPROVAL OF ACCOUNTING OFFICER


I am responsible for the preparation of these annual financial statements year ended 30 June 2019, which are set out on pages 1 to 72 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2020 and I am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Mr PL Volschenk
Municipal Manager

30/8/2019

Date

CEDERBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	Notes	2019 R (Actual)	2018 R (Restated)
ASSETS			
Current Assets		56 946 451	68 154 446
Cash and Cash Equivalents	2	7 187 397	18 532 065
Receivables from Exchange Transactions	3	33 355 213	30 561 431
Receivables from Non-Exchange Transactions	4	14 761 742	14 633 248
Taxes	5	90 816	2 971 515
Operating Lease Assets	6	452	4 256
Inventory	7	1 550 831	1 451 931
Non-Current Assets		683 297 810	595 473 978
Investment Property	8	77 214 288	77 344 037
Property, Plant and Equipment	9	594 874 381	507 110 265
Intangible Assets	10	1 562 063	1 319 342
Capitalised Restoration Cost (PPE)	11	9 647 078	9 700 334
Total Assets		740 244 261	663 628 425
Current Liabilities		97 376 159	99 068 301
Current Portion of Long-term Liabilities	12	4 111 571	3 598 571
Consumer Deposits	13	2 055 177	1 954 330
Payables from exchange transactions	14	77 496 745	51 744 901
Unspent Conditional Government Grants	15	4 340 926	33 460 083
Operating Lease Liabilities	6	12 534	10 561
Current Employee benefits	16	9 359 206	8 299 855
Non-Current Liabilities		91 715 632	93 734 780
Long-term Liabilities	12	16 469 708	18 776 951
Employee benefits	17	29 545 472	33 040 619
Non-Current Provisions	18	45 700 452	41 917 210
Total Liabilities		189 091 791	192 803 081
NET ASSETS		551 152 470	470 825 343
COMMUNITY WEALTH			
Accumulated Surplus		551 152 470	470 825 343
		551 152 470	470 825 343

CEDERBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2019

	Notes	2019 R (Actual)	2018 R (Restated)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		249 980 445	149 509 810
Taxation Revenue		42 146 144	41 372 155
Property Rates	19	42 146 144	41 372 155
Transfer Revenue		178 737 465	92 707 559
Government Grants and Subsidies - Operating	20	84 329 819	57 682 108
Government Grants and Subsidies - Capital	20	82 925 874	33 979 081
Public Contributions and Donations	21	5 000	-
Contributed Assets	22	11 476 772	1 046 370
Other Revenue		29 096 836	15 430 096
Insurance Refund		33 430	134 699
Fines, Penalties and Forfeits	23	21 157 496	15 293 744
Actuarial Gains	24	7 905 910	-
Reversal of Impairments	25	-	1 653
REVENUE FROM EXCHANGE TRANSACTIONS		141 909 764	133 519 645
Operating Activities		141 909 764	133 519 645
Service Charges	26	128 887 500	120 342 155
Rental of Facilities and Equipment	27	3 274 156	3 451 935
Interest Earned - external investments		892 942	1 426 564
Interest Earned - outstanding debtors		3 996 023	2 067 817
Agency Services	28	3 332 665	3 101 335
Other Income	29	1 526 478	3 129 839
TOTAL REVENUE		391 890 209	283 029 455
EXPENDITURE			
Employee Related Costs	30	104 143 924	93 658 527
Remuneration of Councillors	31	5 392 291	5 293 216
Debt Impairment	32	37 511 790	26 296 551
Depreciation and Amortisation	33	16 437 235	16 104 528
Actuarial Losses	24	-	1 154 551
Finance Charges	34	8 158 870	8 108 179
Bulk Purchases	35	71 810 102	68 531 369
Contracted Services	36	38 301 687	22 175 985
Transfers and Grants	37	1 066 144	1 021 052
Other Expenditure	38	28 260 756	26 904 299
Loss on disposal of Non-Monetary Assets	39	480 287	353 321
TOTAL EXPENDITURE		311 563 086	269 601 578
NET SURPLUS FOR THE YEAR		80 327 122	13 427 877

CEDERBERG LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2019

	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2017	457 898 624	457 898 624
Correction of error restatement - note 40.6	(501 149)	(501 149)
Balance on 30 June 2017 - Restated	457 397 475	457 397 475
Net Surplus for the year	13 427 868	13 427 868
Balance on 30 June 2018 - Restated	470 825 343	470 825 343
Net Surplus for the year	80 327 127	80 327 127
Balance on 30 June 2019	551 152 470	551 152 470

CEDERBERG LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2019

	Notes	2019 R (Actual)	2018 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		38 334 319	37 273 891
Service Charges and Interest		113 481 344	101 827 340
Other Revenue		14 993 665	11 897 469
Government Grants		138 136 538	92 806 276
Investment Interest		892 942	1 426 564
Payments			
Suppliers and employees		(220 003 703)	(200 623 113)
Finance charges		(2 360 413)	(2 714 924)
Transfers and Grants		(1 066 144)	(1 021 052)
NET CASH FROM OPERATING ACTIVITIES	42	82 408 547	40 872 451
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of Property, Plant and Equipment		702 082	199 051
Payments			
Purchase of Property, Plant and Equipment		(90 639 668)	(43 619 374)
Purchase of Intangible Assets		(286 956)	(1 018 571)
NET CASH USED INVESTING ACTIVITIES		(90 224 542)	(44 438 894)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
New loans raised		-	3 550 129
Increase in Consumer Deposits		100 850	141 540
Payments			
Loans repaid		(3 629 524)	(3 894 052)
NET CASH USED FINANCING ACTIVITIES		(3 528 674)	(202 383)
NET DECREASE IN CASH HELD		(11 344 668)	(3 768 825)
Cash and Cash Equivalents at the beginning of the year		18 532 065	22 300 890
Cash and Cash Equivalents at the end of the year		7 187 397	18 532 065

CEDERBERG LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL POSITION					
Current assets	45 290 042	1 775 612	47 065 654	56 946 451	9 880 797
Non-current assets	670 571 371	14 525 865	685 097 236	683 297 810	(1 799 426)
Current liabilities	47 542 608	3 273 555	50 816 163	97 376 159	46 559 995
Non-current liabilities	122 106 640	7 086 176	129 192 817	91 715 632	(37 477 184)
Total Community Wealth	546 212 165	5 941 745	552 153 910	551 152 470	(1 001 440)
STATEMENT OF FINANCIAL PERFORMANCE					
REVENUE					
Property rates	43 322 800	2 178 891	45 501 691	42 146 144	(3 355 547)
Service Charges	134 687 300	2 505 925	137 193 225	128 887 500	(8 305 725)
Investment revenue	1 898 600	-	1 898 600	892 942	(1 005 658)
Transfers recognised - operational	65 299 600	23 823 588	89 123 188	84 329 819	(4 793 369)
Other own revenue	35 175 500	198 665	35 374 165	41 231 158	5 856 993
Total Revenue (excluding capital transfers)	280 383 800	28 707 069	309 090 869	297 487 563	(11 603 306)
EXPENDITURE					
Employee costs	106 311 100	(1 071 837)	105 239 263	104 143 924	(1 095 339)
Remuneration of councillors	5 429 400	5 073	5 434 473	5 392 291	(42 182)
Debt impairment	38 009 300	1 294 700	39 304 000	37 511 790	(1 792 210)
Depreciation and asset impairment	18 115 000	31 000	18 146 000	16 437 235	(1 708 765)
Finance charges	8 289 000	517 879	8 806 879	8 158 870	(648 009)
Bulk purchases	74 236 900	(27 350)	74 209 550	71 810 102	(2 399 448)
Other Materials	6 269 300	3 294 000	9 563 300	-	(9 563 300)
Contracted Services	16 881 000	25 348 701	42 229 701	38 301 687	(3 928 014)
Transfers and grants	898 800	630 308	1 529 108	1 066 144	(462 964)
Other expenditure	17 304 000	2 368 512	19 672 512	28 260 756	8 588 244
Loss on disposal of PPE	-	-	-	480 287	480 287
Total Expenditure	291 743 800	32 390 986	324 134 786	311 563 086	(12 571 700)
Surplus/(Deficit)	(11 360 000)	(3 683 917)	(15 043 917)	(14 075 523)	968 394
Transfers recognised - capital	58 473 400	26 541 312	85 014 712	82 925 874	(2 088 838)
Contributions Recognised - Capital	-	10 364 773	10 364 773	11 476 772	1 111 999
NET SURPLUS FOR THE YEAR	47 113 400	33 222 168	80 335 568	80 327 122	(8 446)
CASH FLOW STATEMENT					
Net Cash Flow from Operating Activities	75 197 945	5 132 393	80 330 338	82 408 547	2 078 210
Net Cash Flow from Investing Activities	(70 634 841)	(24 620 904)	(95 255 745)	(90 224 542)	5 031 203
Net Cash Flow from Financing Activities	(3 260 115)	208 115	(3 052 000)	(3 528 674)	(476 674)
Net increase in cash and cash equivalents	1 302 989	(19 280 396)	(17 977 407)	(11 344 668)	6 632 739

Refer to note 44.1 for explanations of material variances between the original and final budget.

Refer to note 44.2 for explanations of material variances between actual amounts and the final budget.

Material variances are considered to be any variances greater than R3 million.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1 ACCOUNTING POLICIES

1.01 BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – November 2013) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

1.02 TRANSITIONAL PROVISIONS

The Municipality resolved to take advantage of the following transitional provisions:

In term of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Municipality applied deemed cost to Investment Property and Property, Plant and Equipment where the acquisition cost of an asset could not be determined.

1.03 PRESENTATION CURRENCY

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

1.04 GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

1.05 COMPARATIVE INFORMATION

1.05.1 Prior year comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.05.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

No significant amendments were made to the accounting policy in the current year.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.06 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.07 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

1.08.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

The Municipality resolved to early adopt the following Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
GRAP 20	Related Party Disclosures	1 April 2019
GRAP 108	Statutory Receivables	1 April 2019

The effect of the above-mentioned Standards of GRAP which were early adopted is considered insignificant. Accounting policies for these Standards of GRAP were already formulated in the prior year's financial statements. The only effect is additional disclosure requirements.

The Municipality resolved to early adopt the following amended Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
GRAP 1 (2018)	Presentation of Financial Statements	1 April 2020
GRAP 21 (2018)	Impairment of Non-cash-generating Assets	1 April 2020
GRAP 26 (2018)	Impairment of Cash-generating Assets	1 April 2020
GRAP 104 (2018)	Financial Instruments	1 April 2020

The effect of the above-mentioned amended Standards of GRAP which were early adopted is considered insignificant. The amendments to the Standards of GRAP mainly relate to the clarification of accounting principles.

The Municipality further resolved not to early adopt the following Standards of GRAP and Interpretations of the Standard of GRAP which were issued but are not yet effective:

1.08.1.1 GRAP 18 - Segment Reporting (effective 1 April 2020)

The objective of this Standard is to establish principles for reporting financial information by segments.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.08.1.2 GRAP 32 - Service Concession Arrangements: Grantor (effective 1 April 2019)

The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.

Preliminary investigations indicated that, other than possibly additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.08.1.3 GRAP 34 - Separate Financial Statements (effective 1 April 2020)

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

No significant impact is expected as the Municipality has no investments in any entities.

1.08.1.4 GRAP 35 - Consolidated Financial Statements (effective 1 April 2020)

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

No significant impact is expected as the Municipality does not control any entities.

1.08.1.5 GRAP 36 - Investments in Associates and Joint Ventures (effective 1 April 2020)

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

No significant impact is expected as the Municipality does not have investments in any associates or joint ventures.

1.08.1.6 GRAP 37 - Joint Arrangements (effective 1 April 2020)

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

No significant impact is expected as the Municipality does not have an interest in any arrangements that are controlled jointly.

1.08.1.7 GRAP 38 - Disclosure of Interests in Other Entities (effective 1 April 2020)

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- (a) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- (b) the effects of those interests on its financial position, financial performance and cash flows.

No significant impact is expected as the Municipality does not have an interest in any entities, associates, joint ventures or joint arrangements.

1.08.1.8 GRAP 109 - Accounting by Principles and Agents (effective 1 April 2019)

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

No significant impact is expected as the Municipality's current treatment is already in line with the Standard's requirements.

1.08.1.9 GRAP 110 - Living and Non-living Resources (effective 1 April 2020)

The objective of this Standard is to prescribe the:

- (a) recognition, measurement, presentation and disclosure requirements for living resources; and
- (b) disclosure requirements for non-living resources.

Preliminary investigations indicated that the Municipality's non-living resources do not fall within the scope of this Standard.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.08.1.10 iGRAP 1 (Revised) - Applying The Probability Test On Initial Recognition Of Revenue (effective 1 April 2020)

This Interpretation addresses the manner in which an entity applies the probability test on initial recognition of:

- (a) exchange revenue in accordance with GRAP 9; and
- (b) non-exchange revenue in accordance with GRAP 23.

No significant impact is expected as the Municipality's current treatment is already to a large extent in line with the Interpretation's requirements.

1.08.1.11 IGRAP 17 - Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset (effective 1 April 2019)

This Interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

Preliminary investigations indicated that, other than possibly additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.08.1.12 iGRAP 18 - Recognition and Derecognition of Land (effective 1 April 2019)

This Interpretation of the Standards of GRAP provides guidance on when an entity should recognise and derecognise land as an asset in its financial statements.

No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation's requirements.

1.08.1.13 iGRAP 19 - Liabilities to Pay Levies (effective 1 April 2019)

This Interpretation provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation's requirements.

1.08.1.14 iGRAP 20 - Accounting for Adjustments to Revenue (effective 1 April 2020)

This Interpretation clarifies the accounting for adjustments to:

- (a) exchange and non-exchange revenue charged in terms of legislation or similar means; and
- (b) interest and penalties that arise from revenue already recognised.

No significant impact is expected as the Municipality's current treatment is already to a large extent in line with the Interpretation's requirements.

1.08.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

All Standards of GRAP currently issued, have effective dates.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.09 RESERVES

1.09.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR.

The following provisions are set for the creation and utilisation of the CRR:

- (a) The cash funds that back up the CRR are invested until utilised.
- (b) The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- (c) Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount.

1.10 INVESTMENT PROPERTY

1.10.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

Where investment property is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.10.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.10.3 Depreciation – Cost Model

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on the a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS
Buildings	100

1.10.4 Impairment

Investment property is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.10.5 Derecognition

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for items of investment property that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.11 PROPERTY, PLANT AND EQUIPMENT

1.11.1 Initial Recognition

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised at cost on its acquisition date. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

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1.11.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.11.3 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on the a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS		YEARS
Land and Buildings		Community	
Land	N/A	Community Facilities	16 - 101
Buildings	9 - 101	Sport and Recreational Facilities	20 - 101
		Work in progress	N/A
Infrastructure		Other	
Electrical	9 - 115	Computer Equipment	5 - 17
Roads	4 - 50	Furniture and Office Equipment	5 - 31
Sanitation	5 - 60	Machinery and Equipment	5 - 36
Storm Water	4 - 50	Transport Assets	8 - 26
Water Supply	8 - 60		
Work in progress	N/A		
Finance lease assets			
Office equipment	3 - 11		
Transport Assets	10		

1.11.4 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

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1.11.5 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.12 INTANGIBLE ASSETS

1.12.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

The Municipality recognises an intangible asset only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost is measured at its fair value at the date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Internally generated intangible assets are subject to a strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.12.2 Subsequent Measurement - Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses.

1.12.3 Amortisation

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.

Amortisation of an intangible with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

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The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The annual amortisation rates are based on the following estimated useful lives:

	Years
Computer Software	6-16

1.12.4 Impairment

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.12.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.13 IMPAIRMENT OF NON-MONETARY ASSETS

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the asset.

1.13.1 Recoverable amount of Cash-generating assets

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

The best evidence of fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

1.13.2 Recoverable amount of Non-cash-generating assets

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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1.13.3 Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.13.4 Reversal of an impairment loss

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

After the reversal of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.14 INVENTORIES

1.14.1 Initial Recognition

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process;
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
- (c) held for sale or distribution in the ordinary course of operations; or
- (d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

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1.14.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the Municipality would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of allocating cost to inventory items is the weighted average method.

At reporting date, the water volume is determined by way of dip readings and the calculated volume in the distribution network. Water inventory is then measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.15 EMPLOYEE BENEFITS

Defined-contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans.

1.15.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

1.15.1.1 Multi-employer defined benefit plans

The Municipality contributes to various National- and Provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

1.15.1.2 Post Retirement Medical Benefits

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

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Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.15.2 Long-term Benefits

1.15.2.1 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.15.3 Short-term Benefits

1.15.3.1 Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

1.15.3.2 Bonuses

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

1.15.3.3 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.16 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

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Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the Municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

1.17 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

1.17.1 Municipality as Lessee

1.17.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

1.17.1.2 Operating leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

1.17.2 Municipality as Lessor

1.17.2.1 Finance Leases

The Municipality recognises lease payments receivable under a finance lease as assets (receivable) in the Statement of Financial Position. The asset (receivable) is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease.

The asset (receivable) is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis in the Statement of Financial Performance.

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1.17.2.2 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

1.18 FINANCIAL INSTRUMENTS

1.18.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.18.2 Subsequent Measurement

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- (b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.
- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
 - (i) derivatives;
 - (ii) combined instruments that are designated at fair value;
 - (iii) instruments held for trading;
 - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
 - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

1.18.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

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1.18.3.1 *Financial assets measured at amortised cost*

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

1.18.3.2 *Financial assets measured at cost*

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses is not be reversed.

1.18.4 **Derecognition of financial instruments**

1.18.4.1 *Financial assets*

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1.18.4.2 *Financial liabilities*

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1.18.5 **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.19 **STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.19.1 **Initial Recognition**

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

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1.19.2 Subsequent Measurement

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

1.19.3 Impairment and uncollectability of statutory receivables

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.19.4 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

1.20 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

1.21 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.22 TAXES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the payment basis.

1.23 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.24 CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.25 CONDITIONAL GOVERNMENT GRANTS AND PUBLIC CONTRIBUTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.26 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

1.26.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.26.1.1 *Taxation Revenue*

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

1.26.1.2 *Transfer Revenue*

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

1.26.1.3 *Fines*

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year less any cancellations or reductions are recognised as revenue. Any fine reductions or cancellations subsequent to the reported date is recorded as a write-off against the provision raised for debt impairment.

1.26.1.4 *Insurance Refund*

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

1.26.1.5 *Unclaimed deposits*

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

1.26.1.6 *Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure*

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

1.26.1.7 *Services in-kind*

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

1.26.1.8 *Contributed Assets*

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

1.26.2 **Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.26.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at reporting date is recognised as a liability under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to each property. These service charges are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved and are levied on a monthly basis.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

1.26.2.2 Interest earned

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

1.26.2.3 Rental income

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

1.26.2.4 Income from Agency Services

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

1.26.2.5 Other Tariffs

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

1.26.2.6 Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- (a) The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- (b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- (c) The amount of revenue can be measured reliably.
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.26.2.7 *Deferred payment*

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

1.27 **BORROWING COSTS**

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

1.28 **UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29 **IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30 **FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31 **CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

1.32 **CAPITAL COMMITMENTS**

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.33 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.34 RELATED PARTIES

The Municipality regards a related party as a person or an entity with the ability to control the Municipality either individually or jointly, or the ability to exercise significant influence over the Municipality, or vice versa.

Management is regarded as a related party and comprises the Councillors, Executive Mayor, Deputy Mayor, Speaker, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms, are disclosed.

1.35 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.35.1 Application of Directive 7

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

GRAP implementation date for the Municipality is 1 July 2009 which is also the date applicable when applying Directive 7. The GRAP compliant period is therefore determined to be from 1 July 2009 to the current year's reported date. Where the economic useful life of an item of Property, Plant and Equipment is less than the GRAP compliant period, it is assumed that the item was either incorrectly written off in the past, or that the capital expenditure of the said item was incorrectly included in surplus. In such cases the item shall not be recognised on GRAP implementation date, but shall be taken into account on that date of the opening balances of the comparative amounts.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.35.2 Impairment of Receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.35.3 Useful lives and residual values

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

1.35.4 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property and Intangible assets.

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

1.35.5 Post-Retirement and Long-term Benefits

The cost of post retirement medical benefits and long-service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.35.6 Provisions and Contingent Liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthwork as published by Statistics South Africa.

1.35.7 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

1.35.8 Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

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CASH AND CASH EQUIVALENTS

Bank Accounts	3 450 353	8 510 051
Call Investment Deposits	3 735 372	10 016 900
Cash Floats	1 672	5 114

Total	7 187 397	18 532 065
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Due to the short term nature of cash deposits, all balances included above are in line with their fair values.

Cash and Cash Equivalents are held to support the following commitments:

Unspent Conditional Grants	4 340 926	33 460 083
Working capital requirements - refer to note 57 on financial sustainability	2 846 471	(14 928 018)
Total Cash and Cash Equivalents	7 187 397	18 532 065

Overdraft facility with ABSA Bank which was available during the financial year	6 000 000	6 000 000
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Guarantee in favour of Eskom registered with Standard Bank	2 900 000	2 900 000
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Bank Accounts

Detail of the Bank Accounts (Cash book balances) are as follow:

Cash book balance at beginning of year	8 510 051	2 859 556
Cash book balance at end of year	3 450 353	8 510 051

Bank accounts consists out of the following accounts:

ABSA - Account number 40-5357-8397 (Current Account)

Bank statement balance at beginning of year	8 153 573	2 320 540
Bank statement balance at end of year	2 944 803	8 153 573

ABSA - Account number 40-7639-1003 (Traffic Account)

Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-

ABSA - Account number 40-7639-1273 (Service Account)

Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-

ABSA - Account number 40-7873-7035 (Elands Bay Fish Factory Account)

Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-

Standard Bank - Account number 082163324 (Eskom Guarantee Account)

Bank statement balance at beginning of year	13 275	15 655
Bank statement balance at end of year	473	13 275

Summary of all bank accounts

Bank statement balance at beginning of year	8 166 848	2 336 195
Bank statement balance at end of year	2 945 276	8 166 848

Call Investment Deposits

Call investment deposits consist out of the following accounts:

ABSA - Acc no 9282399664	3 735 372	10 016 900
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CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Service Receivables

Electricity	19 059 386	18 632 629
Water	28 059 105	26 268 070
Refuse	10 761 847	9 686 983
Sewerage	14 189 678	13 121 866
Other	4 515 907	2 582 650
Total Gross Balance	76 585 922	70 292 199
Less: Allowance for Debt Impairment	(43 230 709)	(39 730 768)
Total Net Receivable	33 355 213	30 561 431
As previously reported		30 307 215
Correction of error restatement - note 40.1		(173 932)
Correction of error restatement - note 40.3		428 148
Restated balance		30 561 431

Other Service Receivables consist out of interest, sundry services and rentals.

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +2% is levied on late payments.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	39 730 768	30 449 268
Movement in the contribution to the provision	16 608 398	16 922 625
Bad Debts Written off	(13 108 456)	(7 641 125)
Balance at the end of the year	43 230 709	39 730 768

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over the last 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
30 June 2019			
Service Receivables			
Electricity	19 059 386	(5 200 641)	13 858 745
Water	28 059 105	(18 303 676)	9 755 429
Refuse	10 761 847	(7 907 224)	2 854 623
Sewerage	14 189 678	(9 700 735)	4 488 943
Other	4 515 907	(2 118 434)	2 397 473
Total	76 585 922	(43 230 709)	33 355 213
30 June 2018			
Service Receivables			
Electricity	18 632 629	(5 435 315)	13 197 314
Water	26 268 070	(17 714 825)	8 553 245
Refuse	9 686 983	(7 249 629)	2 437 355
Sewerage	13 121 866	(8 075 934)	5 045 932
Other	2 582 650	(1 255 065)	1 327 585
Total	70 292 199	(39 730 768)	30 561 431

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Ageing of Receivables from Exchange Transactions

Electricity

Current (0 - 30 days)	8 841 624	7 511 138
Past Due (31 - 60 Days)	2 027 184	2 038 145
Past Due (61 - 90 Days)	1 091 391	1 041 530
Past Due (90 Days +)	7 099 188	8 041 817
Total	19 059 386	18 632 629

Water

Current (0 - 30 days)	4 116 446	3 081 096
Past Due (31 - 60 Days)	1 939 866	1 478 074
Past Due (61 - 90 Days)	1 386 588	1 244 095
Past Due (90 Days +)	20 616 204	20 464 805
Total	28 059 105	26 268 070

Refuse

Current (0 - 30 days)	813 694	748 246
Past Due (31 - 60 Days)	561 492	528 639
Past Due (61 - 90 Days)	461 939	439 511
Past Due (90 Days +)	8 924 721	7 970 587
Total	10 761 847	9 686 983

Sewerage

Current (0 - 30 days)	1 516 240	984 945
Past Due (31 - 60 Days)	567 478	850 972
Past Due (61 - 90 Days)	455 865	782 522
Past Due (90 Days +)	11 650 096	10 503 427
Total	14 189 678	13 121 866

Other

Current (0 - 30 days)	425 286	76 029
Past Due (31 - 60 Days)	399 921	452 914
Past Due (61 - 90 Days)	386 696	484 181
Past Due (90 Days +)	3 304 005	1 569 527
Total	4 515 907	2 582 650

Summary Ageing of all Receivables from Exchange Transactions

Current (0 - 30 days)	15 713 290	12 401 455
Past Due (31 - 60 Days)	5 495 941	5 348 744
Past Due (61 - 90 Days)	3 782 478	3 991 838
Past Due (90 Days +)	51 594 213	48 550 162
Total	76 585 922	70 292 199

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

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RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Service Receivables

Property Rates

28 417 449

26 161 655

Other Receivables

29 894 262

39 737 473

Unpaid Traffic Fines

27 628 819

38 088 181

Suspense Debtors

1 282 649

1 035 969

Deposits

982 794

613 323

Total Gross Balance

58 311 711

65 899 128

Less: Allowance for Debt Impairment

(43 549 969)

(51 265 880)

Total Net Receivable

14 761 742

14 633 248

As previously reported

14 215 999

Correction of error restatement - note 40.1

417 249

Restated balance

14 633 248

Rates are payable monthly within 30 days after the date of accounts. An option to pay rates annually is also available and the account must be settled on or before 30 September. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +2% is levied on late payments.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year

51 265 880

40 825 698

Movement in the contribution to the provision

20 565 639

11 733 532

Bad Debts Written off

(28 281 550)

(1 293 350)

Balance at the end of the year

43 549 969

51 265 880

The Allowance for impairment of receivables has been made for all consumer balances outstanding based on the payment ratio over the last 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
30 June 2019			
Service Receivables			
Property Rates	28 417 449	(17 454 037)	10 963 412
Other Receivables			
Unpaid Traffic Fines	27 628 819	(26 095 932)	1 532 887
Suspense Debtors	1 282 649	-	1 282 649
Deposits	982 794	-	982 794
Total	58 311 711	(43 549 969)	14 761 742
30 June 2018			
Service Receivables			
Property Rates	26 161 655	(14 740 370)	11 421 285
Other Receivables			
Unpaid Traffic Fines	38 088 181	(36 525 510)	1 562 671
Suspense Debtors	1 035 969	-	1 035 969
Deposits	613 323	-	613 323
Total	65 899 128	(51 265 880)	14 633 248

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4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

Ageing of Receivables from Non-Exchange Transactions

Property Rates

Current (0 - 30 days)	2 980 794	2 493 821
Past Due (31 - 60 Days)	1 749 889	1 509 177
Past Due (61 - 90 Days)	1 067 737	1 059 687
Past Due (90 Days +)	22 619 029	21 098 970
Total	28 417 449	26 161 655

5 TAXES

VAT Receivable/(Payable)	141 885	2 890 228
VAT Input in Suspense	5 018 944	4 633 931
VAT Output in Suspense - net	(5 070 013)	(4 552 644)
VAT Output in Suspense	(10 341 468)	(10 161 852)
Less: VAT on Allowance for Debt Impairment	5 271 455	5 609 208

Total	90 816	2 971 515
--------------	---------------	------------------

As previously reported		3 125 355
Correction of error restatement - note 40.1		(141 350)
Correction of error restatement - note 40.5		(12 490)
Restated balance		2 971 515

Reconciliation of VAT on Allowance for Debt Impairment

Balance at beginning of year	5 609 208	3 249 601
Debt Impairment for current year	(337 753)	2 359 607
Balance at the end of the year	5 271 455	5 609 208

6 OPERATING LEASES

6.1 OPERATING LEASE ASSETS

Operating Lease Asset	452	4 256
-----------------------	------------	--------------

The operating lease asset is derived from contracts where the Municipality acts as the lessor in the agreement.

Reconciliation of Operating Lease Asset

Balance at the beginning of the year	4 256	7 794
Movement during the year	(3 804)	(3 538)
Balance at the end of the year	452	4 256

The Municipality will receive the following lease payments from contracts that have defined lease payments and terms.

Within 1 Year	89 003	91 085
Between 1 and 5 Years	185 557	-
After 5 Years	-	-
Total operating lease payments	274 560	91 085

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased. Escalation between 6 and 10% are applicable on the leases. The renewal option after lapsing of the contracts are available.

The Municipality does not engage in any sub-lease arrangements nor did the Municipality receive any contingent rent during the year.

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6 OPERATING LEASES (CONTINUED)

6.2 OPERATING LEASE LIABILITIES

Operating Lease Liability	12 534	10 561
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The operating lease liability is derived from contracts where the Municipality acts as the lessee in the agreement.

Reconciliation of Operating Lease Liability

Balance at the beginning of the year	10 561	25 276
Movement during the year	1 973	(14 715)
Balance at the end of the year	12 534	10 561

The Municipality will incur the following lease expenditure from contracts that have defined lease payments and terms.

Within 1 Year	60 979	21 900
Between 1 and 5 Years	123 451	96 716
After 5 Years	-	-
Total operating lease payments	184 430	118 616

Operating leases consist out of the following leases:

- Lease of office space for a period of 36 months (ending June 2021) with an escalation of 10% per annum.
- Lease of a swimming pool for a period of 120 months (ending June 2023) with an escalation of 4% per annum.

The Municipality does not engage in any sub-lease arrangements.

The Municipality did not pay any contingent rent during the year.

7 INVENTORY

Maintenance Materials - at cost	1 389 199	1 314 925
Water – at cost	161 632	137 006
Total	1 550 831	1 451 931

Inventory are disclosed at the lower of cost or net realisable value.

No inventory were pledged as security for liabilities.

Inventory written down due to losses identified during the annual stores counts	-	33 222
---	---	--------

Inventory recognised as an expense during the year	1 543 681	1 962 501
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CEDERBERG LOCAL MUNICIPALITY

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INVESTMENT PROPERTY

Investment Property - Carrying Value

77 214 288

77 344 037

As previously reported

80 157 437

Correction of error restatement - note 40.4

(2 813 400)

Restated balance

77 344 037

The carrying value of Investment Property is reconciled as follows:

Opening Carrying Value

77 344 037

77 659 687

Cost

77 866 276

78 129 676

Accumulated Depreciation

(522 239)

(469 989)

Accumulated Impairment

-

-

Depreciation for the year

(52 250)

(52 250)

Disposals

(77 500)

(263 400)

Closing Carrying Value

77 214 287

77 344 037

Cost

77 788 776

77 866 276

Accumulated Depreciation

(574 489)

(522 239)

Accumulated Impairment

-

-

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

No operating expenditure was incurred on investment property during the 2018/19 and 2017/18 financial year.

9

PROPERTY, PLANT AND EQUIPMENT

Cost
R

Accumulated
Depreciation
R

Accumulated
Impairment
R

Carrying
Value
R

30 June 2019

Land and Buildings

22 317 769

(1 098 017)

-

21 219 752

Infrastructure

744 329 009

(262 825 386)

-

481 503 623

Leased Assets

7 779 428

(1 105 500)

-

6 673 928

Community Assets

75 501 495

(4 548 462)

-

70 953 033

Other Assets

28 549 376

(14 025 331)

-

14 524 046

Total

878 477 077

(283 602 696)

-

594 874 381

30 June 2018

Land and Buildings

22 292 759

(968 776)

-

21 323 983

Infrastructure

649 507 511

(251 627 754)

-

397 879 757

Leased Assets

5 944 147

(626 663)

-

5 317 485

Community Assets

71 500 164

(3 958 018)

-

67 542 147

Other Assets

27 987 164

(12 940 271)

-

15 046 893

Total

777 231 746

(270 121 480)

-

507 110 265

As previously reported

506 445 605

Correction of error restatement - note 40.4

664 661

Restated balance

507 110 265

Repairs and maintenance incurred on Property, Plant and Equipment

12 933 254

13 623 207

The prior year balance for Repairs and Maintenance was restated.

The leased property, plant and equipment and the buildings are secured as set out in note 12.

The reconciliation of the carrying value of Property, Plant and Equipment is disclosed on the following page:

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of Carrying Value	Cost						Accumulated Depreciation and Impairment					Carrying Value
	Opening Balance	Additions	Disposals	Transfer of Assets	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	22 292 759	25 010	-	-	-	22 317 769	968 776	129 241	-	-	1 098 017	21 219 752
Land	8 184 902	-	-	-	-	8 184 902	-	-	-	-	-	8 184 902
Buildings	14 107 857	25 010	-	-	-	14 132 867	968 776	129 241	-	-	1 098 017	13 034 850
Infrastructure	649 507 511	84 302 471	(957 745)	11 476 772	-	744 329 009	251 627 754	11 787 335	-	(589 702)	262 825 386	481 503 623
Electrical	149 777 061	-	(856 998)	-	3 231 679	152 151 742	80 272 498	3 361 512	-	(524 987)	83 109 024	69 042 718
Roads	111 981 040	-	(74 870)	7 005 022	23 309 369	142 220 561	64 627 357	2 907 585	-	(58 972)	67 475 970	74 744 591
Sanitation	75 524 244	-	-	1 130 038	31 368 722	108 023 004	36 169 058	2 183 582	-	-	38 352 640	69 670 364
Storm Water	17 690 755	-	-	1 401 328	8 654 895	27 746 979	5 198 067	406 451	-	-	5 604 518	22 142 460
Water Supply	117 686 234	-	(25 876)	1 940 383	19 434 756	139 035 497	65 360 774	2 928 204	-	(5 744)	68 283 234	70 752 263
Work in progress	176 848 177	84 302 471	-	-	(85 999 421)	175 151 227	-	-	-	-	-	175 151 227
Leased Assets	5 944 147	1 835 281	-	-	-	7 779 428	626 663	478 837	-	-	1 105 500	6 673 928
Furniture and Office Equipment	1 543 508	1 835 281	-	-	-	3 378 789	415 245	261 202	-	-	676 447	2 702 342
Transport Assets	4 400 639	-	-	-	-	4 400 639	211 418	217 635	-	-	429 053	3 971 586
Community Assets	71 500 164	4 001 330	-	-	-	75 501 495	3 958 018	590 444	-	-	4 548 462	70 953 033
Community Facilities	16 503 653	233 938	-	-	-	16 737 591	793 407	131 920	-	-	925 328	15 812 264
Sport and Recreational Facilities	47 855 064	1 726 039	-	-	258 886	49 839 988	3 164 610	458 524	-	-	3 623 134	46 216 854
Work in progress	7 141 447	2 041 354	-	-	(258 886)	8 923 915	-	-	-	-	-	8 923 915
Other Assets	27 987 164	2 310 856	(1 748 644)	-	-	28 549 376	12 940 271	2 099 618	-	(1 014 558)	14 025 331	14 524 046
Computer Equipment	2 529 436	597 797	(320 431)	-	-	2 806 802	1 297 507	295 658	-	(248 256)	1 344 909	1 461 893
Furniture and Office Equipment	6 391 091	778 974	(202 066)	-	-	6 967 999	3 163 678	486 347	-	(150 887)	3 499 138	3 468 860
Machinery and Equipment	8 679 469	831 405	(263 585)	-	-	9 247 289	4 444 385	704 712	-	(170 964)	4 978 133	4 269 156
Transport Assets	10 387 168	102 680	(962 562)	-	-	9 527 286	4 034 701	612 900	-	(444 451)	4 203 150	5 324 136
	777 231 746	92 474 949	(2 706 389)	11 476 772	-	878 477 077	270 121 480	15 085 476	-	(1 604 261)	283 602 696	594 874 381

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9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of Carrying Value	Cost						Accumulated Depreciation and Impairment					Carrying Value
	Opening Balance	Additions	Disposals	Transfer of Assets	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	22 071 479	221 280	-	-	-	22 292 759	844 499	124 276	-	-	968 776	21 323 983
Land	8 184 902	-	-	-	-	8 184 902	-	-	-	-	-	8 184 902
Buildings	13 886 577	221 280	-	-	-	14 107 857	844 499	124 276	-	-	968 776	13 139 081
Infrastructure	617 107 133	32 547 059	(146 681)	-	-	649 507 511	240 445 790	11 283 609	-	(101 646)	251 627 754	397 879 757
Electrical	139 676 010	-	(33 217)	-	10 134 267	149 777 061	77 243 334	3 054 006	-	(24 841)	80 272 498	69 504 562
Roads	111 770 298	-	-	-	210 742	111 981 040	61 379 906	3 247 451	-	-	64 627 357	47 353 683
Sanitation	75 412 636	-	(31 207)	-	142 815	75 524 244	34 437 157	1 763 103	-	(31 203)	36 169 058	39 355 186
Storm Water	17 690 755	-	-	-	-	17 690 755	4 849 617	348 450	-	-	5 198 067	12 492 689
Water Supply	117 089 023	-	(82 257)	-	679 467	117 686 234	62 535 777	2 870 598	-	(45 602)	65 360 774	52 325 460
Work in progress	155 468 410	32 547 059	-	-	(11 167 292)	176 848 177	-	-	-	-	-	176 848 177
Leased Assets	2 116 802	3 827 345	-	-	-	5 944 147	232 751	393 912	-	-	626 663	5 317 485
Furniture and Office Equipment	875 650	667 858	-	-	-	1 543 508	232 751	182 494	-	-	415 245	1 128 264
Transport Assets	1 241 152	3 159 487	-	-	-	4 400 639	-	211 418	-	-	211 418	4 189 221
Community Assets	64 646 047	6 558 109	(100 361)	396 370	-	71 500 164	3 409 193	557 098	-	(8 273)	3 958 018	67 542 147
Community Facilities	16 490 513	13 140	-	-	-	16 503 653	663 268	130 140	-	-	793 407	15 710 246
Sport and Recreational Facilities	46 825 823	475 854	(100 361)	396 370	257 378	47 855 064	2 745 925	426 958	-	(8 273)	3 164 610	44 690 453
Work in progress	1 329 710	6 069 115	-	-	(257 378)	7 141 447	-	-	-	-	-	7 141 447
Other Assets	26 510 953	1 133 440	(307 229)	650 000	-	27 987 164	11 175 487	1 921 345	-	(156 561)	12 940 271	15 046 893
Computer Equipment	2 338 205	308 713	(117 482)	-	-	2 529 436	1 046 214	297 054	-	(45 761)	1 297 507	1 231 929
Furniture and Office Equipment	6 018 735	469 787	(97 431)	-	-	6 391 091	2 780 792	440 105	-	(57 219)	3 163 678	3 227 413
Machinery and Equipment	8 416 846	354 939	(92 316)	-	-	8 679 469	3 867 278	630 689	-	(53 582)	4 444 385	4 235 084
Transport Assets	9 737 168	-	-	650 000	-	10 387 168	3 481 204	553 497	-	-	4 034 701	6 352 467
	732 452 415	44 287 232	(554 271)	1 046 370	-	777 231 746	256 107 720	14 280 240	-	(266 480)	270 121 480	507 110 265

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INTANGIBLE ASSETS

Intangible Assets - Carrying Value

1 562 063

1 319 342

The carrying value of intangible Assets is reconciled as follows:

Opening Carrying Value

1 319 342

354 433

Cost

518 619

510 995

Work in Progress

1 147 806

140 400

Accumulated Depreciation

(347 083)

(296 962)

Accumulated Impairment

-

-

Additions

-

11 165

Additions - Work in Progress

286 956

1 007 406

Amortisation

(41 495)

(52 481)

Disposal

(2 741)

(1 181)

Cost

(10 252)

(3 541)

Accumulated Depreciation

7 511

2 360

Closing Carrying Value

1 562 063

1 319 342

Cost

508 367

518 619

Work in Progress

1 434 762

1 147 806

Accumulated Depreciation

(381 067)

(347 083)

Accumulated Impairment

-

-

Work in progress is included in the carrying value of Intangible Assets. No amortisation is recognised against these amounts. The work in progress balance relates to the Phoenix (Vesta) Financial System in process of being implemented at the Municipality at year-end. This implementation is required to ensure compliance with the mSCOA regulations that came into effect 1 July 2017. Management expects that full implementation will be completed during 2019/20. Once fully implemented, the assets is considered ready for use in line with management's expectations.

Intangible Assets consist only out of software.

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

11

CAPITALISED RESTORATION COST (PPE)

Capitalised Restoration Cost - Carrying Value

9 647 078

9 700 334

The movement in capitalised restoration cost is reconciled as follows:

Opening Carrying Value

9 700 334

14 757 018

Cost

24 374 583

27 713 363

Accumulated Depreciation

(14 674 249)

(12 954 691)

Accumulated Impairment

-

(1 653)

Additions

1 300 930

-

Disposals

(96 171)

(3 338 780)

Depreciation for the year

(1 258 015)

(1 719 557)

Reversal of impairments

-

1 653

Closing Carrying Value

9 647 078

9 700 334

Cost

25 579 342

24 374 583

Accumulated Depreciation

(15 932 264)

(14 674 249)

Accumulated Impairment

-

-

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11 CAPITALISED RESTORATION COST (PPE) (CONTINUED)

The Municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Cederberg Municipality.

Although this item is accounted for under the Property Plant and Equipment Standard (GRAP 17), the characteristics and nature of this item does not resemble that of normal PPE (such as the tangible nature of assets normally associated with PPE). Based on the aforementioned and in line with the requirements of GRAP 1, Capitalised Restoration Cost is disclosed as a separate item on the face of the Statement of Financial Position.

12 LONG-TERM LIABILITIES

Annuity Loans	15 156 674	17 608 751
Finance Lease Liabilities	5 424 605	4 766 771
Sub-Total	20 581 279	22 375 522
Less: Current portion of Long-term Liabilities	4 111 571	3 598 571
Annuity Loans	2 404 135	2 452 071
Finance Lease Liabilities	1 707 435	1 146 500
Total	16 469 708	18 776 951
As previously reported		18 367 165
Correction of error restatement - note 40.4		409 786
Restated balance		18 776 951

Annuity Loans

Annuity Loans, disclosed at amortised cost, consist out of the following agreements:

Institution and loan number	Rate	Maturity Date	Carrying Value of Liability	
ABSA (038-723-0991)	9.84%	30 Sep 2018	-	285 189
ABSA (038-723-0992)	9.84%	1 April 2025	2 133 680	2 383 078
ABSA (038-723-0993)	10.43%	17 June 2025	3 592 717	3 998 843
ABSA (038-723-0994)	10.45%	17 Nov 2025	1 533 902	1 689 005
ABSA (038-723-0995)	10.45%	17 Aug 2028	1 618 118	1 762 393
Standard Bank (03-263-793-4)	10.36%	31 Mar 2023	6 278 257	7 490 243
Total			15 156 674	17 608 751

All annuity loans are unsecured.

Annuity loans are payable as follows:

Payable within one year	3 943 089	4 242 425
Payable within two to five years	13 814 847	15 772 360
Payable after five years	2 496 396	4 481 974
Total amount payable	20 254 332	24 496 759
Less: Outstanding Future Finance Charges	(5 097 658)	(6 888 008)
Present value of annuity loans	15 156 674	17 608 751

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12 LONG-TERM LIABILITIES (CONTINUED)

Finance Lease Liabilities

Finance Lease Liabilities, disclosed at amortised cost, consist out of the following agreements:

Description	Maturity Date	Carrying Value of Liability	
Printers D3Q20B	31 Dec 2019	11 121	30 355
Printers MPC305SPF	31 Dec 2019	12 069	32 923
Printers MPC2004SP	30 Apr 2020	63 175	130 105
Printers MPC8003SP	30 Apr 2020	62 174	126 506
Xerox AltaLink C8055	28 Feb 2021	48 702	72 303
Xerox Versalink C7025	28 Feb 2021	361 085	536 066
Samsung 057400 Pabx System	31 May 2022	1 802 318	-
Isuzu Kb 250C Fleetside Regular Cab	1 Jul 2022	154 135	194 120
Isuzu Kb 250C Fleetside Regular Cab	1 Jul 2022	154 135	194 120
Isuzu Kb 250C Fleetside Regular Cab	1 Jul 2022	154 135	194 120
Chevrolet Utility 1.4 + A/C (M18)	1 Jul 2022	115 372	145 301
Chevrolet Utility 1.4 + A/C (M18)	1 Jul 2022	115 372	145 301
Isuzu Kb 250C Fleetside Regular Cab	1 Jul 2022	156 150	194 120
Isuzu Kb 250C Fleetside Regular Cab	1 Aug 2022	158 443	198 276
Isuzu Kb 250C Fleetside Regular Cab	1 Aug 2022	279 616	349 911
Isuzu N Series NLR 150	1 Aug 2022	302 442	378 476
Isuzu Kb 250C Fleetside Regular Cab	1 Aug 2022	158 443	198 276
Isuzu N Series NLR 150	1 Aug 2022	302 442	378 476
Isuzu N Series NLR 150	1 Aug 2022	302 442	378 476
Isuzu N Series NLR 150	1 Aug 2022	302 442	378 476
Isuzu Kb 250C Fleetside Regular Cab	1 Aug 2022	158 443	198 276
Toyota Etios Sedan 1.5SD Sprint	1 Aug 2022	124 974	156 393
Toyota Etios Sedan 1.5SD Sprint	1 Aug 2022	124 974	156 394
Total		5 424 605	4 766 771

Finance Leases Liabilities are secured by Property, Plant and Equipment - refer to note 9.

Leased assets remain the property of the lessor after maturity and new lease contracts are negotiated to replace lapsed contracts.

Finance Lease Liabilities are payable as follows:

Payable within one year	2 506 417	1 642 492
Payable within two to five years	4 413 129	4 251 934
Payable after five years	-	-
Total amount payable	6 919 546	5 894 426
Less: Outstanding Future Finance Charges	(1 494 941)	(1 127 655)
Present value of finance lease liabilities	5 424 605	4 766 771

13 CONSUMER DEPOSITS

Water and Electricity Deposits	2 055 177	1 954 330
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The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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	2019	2018
14 PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	70 396 261	43 344 178
Retentions	2 110 580	3 272 969
Payments received in advance	1 848 229	1 971 762
Pre-paid Electricity	539 224	501 184
Sundry Creditors	2 170 227	2 065 408
Sundry Deposits	80 633	199 382
Accrued Interest	263 736	323 816
Unknown Receipts	87 855	66 203
Total	77 496 745	51 744 901
As previously reported		52 991 386
Correction of error restatement - note 40.1		104 137
Correction of error restatement - note 40.3		(1 248 915)
Correction of error restatement - note 40.5		(101 706)
Restated balance		51 744 901
Payables are being recognised net of any discounts received.		
The credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary		
The carrying value of trade and other payables approximates its fair value.		
Sundry deposits include hall, builders and housing Deposits.		
The following serves as security for payables:		
- Bank guarantee as per note 2	2 900 000	2 900 000
- Cash deposits as per note 4	982 794	613 323
	3 882 794	3 513 323
15 UNSPENT CONDITIONAL GOVERNMENT GRANTS		
National Government	1 254 762	15 121 318
Provincial Government	3 086 164	18 338 765
Total	4 340 926	33 460 083
Detail reconciliations of all grants received and grant conditions met are included in note 20. Unspent grant balances are recognised to the extent that conditions are not yet met.		
No grants were withheld in the current year.		
Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.		
16 CURRENT EMPLOYEE BENEFITS		
Bonuses	2 566 774	2 313 974
Staff Leave	5 200 187	4 528 535
Performance Bonuses	352 719	278 252
Current portion of Non-Current Employee Benefits - note 17	1 239 525	1 179 093
Post Retirement Medical Benefits	845 252	732 419
Long Service Awards	394 273	446 674
Total	9 359 206	8 299 855
The movement in current employee benefits are reconciled as follows:		

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	2019	2018
16 CURRENT EMPLOYEE BENEFITS (CONTINUED)		
<u>Bonuses</u>		
Opening Balance	2 313 974	2 176 198
Contribution during the year	4 720 520	4 186 069
Payments made	(4 467 720)	(4 048 293)
Balance at the end of the year	2 566 774	2 313 974
Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle.		
<u>Staff Leave</u>		
Opening Balance	4 528 535	4 360 462
Contribution during the year	1 229 951	740 828
Payments made	(558 299)	(572 755)
Balance at the end of the year	5 200 187	4 528 535
Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.		
<u>Performance Bonuses</u>		
Opening Balance	278 252	103 721
Contribution during the year	409 070	295 503
Payments made	(334 603)	(120 972)
Balance at the end of the year	352 719	278 252
Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council.		
17 EMPLOYEE BENEFITS		
Post Retirement Medical Benefits	26 122 144	30 539 493
Long Service Awards	4 662 853	3 680 219
Sub-Total	30 784 997	34 219 712
Less: Current portion of Employee Benefits	1 239 525	1 179 093
Post Retirement Medical Benefits	845 252	732 419
Long Service Awards	394 273	446 674
Total	29 545 472	33 040 619
17.1 Post Retirement Medical Benefits		
The movement in Post Retirement Medical Benefits are reconciled as follows:		
Opening Balance	30 539 493	25 707 942
Contribution during the year	5 076 762	4 556 069
Current Service Cost	2 155 169	2 070 896
Interest Cost	2 921 593	2 485 173
Payments made	(800 179)	(698 531)
Actuarial Loss/(Gain)	(8 693 932)	974 013
Total balance at year-end	26 122 144	30 539 493
Less: Current portion	(845 252)	(732 419)
Total	25 276 892	29 807 074

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17 EMPLOYEE BENEFITS (CONTINUED)

The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service members	137	128
In-service non-members	198	188
Continuation members	23	21
Total	358	337

The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:

	In-Service Members R	In-Service non-Members R	Continuation Members R	Total unfunded Liability R
30 June 2019	12 962 106	1 661 921	11 498 117	26 122 144
30 June 2018	17 899 731	3 662 026	8 977 736	30 539 493
30 June 2017	14 144 824	3 467 924	8 095 194	25 707 942
30 June 2016	13 926 711	3 461 389	7 674 256	25 062 356
30 June 2015	13 348 423	3 161 645	7 821 921	24 331 989

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

Experience adjustments were calculated as follows:

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
30 June 2019	1 369 000	-
30 June 2018	485 000	-
30 June 2017	(30 000)	-
30 June 2016	(743 000)	-
30 June 2015	397 000	-

The Municipality contributes to the following medical schemes on a monthly basis:

Bonitas
LA Health
Hosmed
Samwumed
Keyhealth

Key Actuarial Assumptions used are as follows:

i) Interest Rates

Discount rate	9.48%	9.68%
Health Care Cost Inflation Rate	6.92%	7.45%
Net Effective Discount Rate	2.39%	2.08%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

ii) Mortality Rates

The PA 90 ultimate table, rated down by 1 year of age for post retirement, and the SA 85-90 table for in service employees, were used by the actuaries.

iii) Normal Retirement Age

It has been assumed that in-service members will retire at age 62 (2018 - 61), which then implicitly allows for expected rates of early and ill-health retirement.

iv) Last Valuation

The last valuation was performed on 3 July 2019.

v) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

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17 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Liability at year-end

Assumption	In-service members (R)	Continuation members (R)	Total liability (R)	% change
Liability	14 624 027	11 498 117	26 122 144	
Health care inflation (+ 1%)	17 735 000	12 742 000	30 477 000	17%
Health care inflation (- 1%)	12 181 000	10 432 000	22 613 000	-13%
Discount rate (+ 1%)	12 251 000	10 464 000	22 715 000	-13%
Discount rate (- 1%)	17 685 000	12 723 000	30 408 000	16%
Post-retirement mortality (- 1 year)	15 052 000	11 892 000	26 944 000	3%
Average retirement age (- 1 year)	16 244 000	11 498 000	27 742 000	6%
Continuation of membership after retirement (- 10%)	11 893 000	11 498 000	23 391 000	-10%

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service Cost (R)	Interest Cost (R)	Total Cost (R)	% change
Estimated for 2018/19	1 751 700	2 437 200	4 188 900	
Health care inflation (+ 1%)	2 138 800	2 849 900	4 988 700	19%
Health care inflation (- 1%)	1 450 100	2 104 800	3 554 900	-15%
Discount rate (+ 1%)	1 472 100	2 337 400	3 809 500	-9%
Discount rate (- 1%)	2 113 000	2 543 500	4 656 500	11%
Post-retirement mortality (- 1 year)	1 802 500	2 515 200	4 317 700	3%
Average retirement age (- 1 year)	1 614 700	2 590 800	4 205 500	0%
Continuation of membership after retirement (- 10%)	1 428 100	2 178 300	3 606 400	-14%

17.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

Opening Balance	3 680 219	3 304 955
Contribution during the year	642 477	585 230
Current Service Cost	344 096	318 934
Interest Cost	298 381	266 296
Payments made	(447 865)	(390 504)
Actuarial Loss/(Gain)	788 022	180 538
Total balance at year-end	4 662 853	3 680 219
Less: Current portion	(394 273)	(446 674)
Total	4 268 580	3 233 545

The Long Service Awards plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Awards	335	316
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The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:

	Unfunded Liability R
30 June 2019	4 662 853
30 June 2018	3 680 219
30 June 2017	3 304 955
30 June 2016	3 312 522
30 June 2015	3 079 891

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

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17 EMPLOYEE BENEFITS (CONTINUED)

Experience adjustments were calculated as follows:

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
30 June 2019	267 536	-
30 June 2018	201 190	-
30 June 2017	(59 844)	-
30 June 2016	(80 347)	-
30 June 2015	169 257	-

Key Actuarial Assumptions used are as follows:

i) Interest Rates

Discount rate	8.31%	8.62%
General Salary Inflation (long-term)	5.65%	6.22%
Net Effective Discount Rate applied to salary-related Long Service Awards	2.52%	2.26%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

ii) Last Valuation

The last valuation was performed on 3 July 2019.

iii) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Current Liability (R)	Liability (R)	% Change
General salary inflation (+ 1%)	4 662 853	5 018 000	8%
General salary inflation (- 1%)	4 662 853	4 345 000	-7%
Discount rate (+ 1%)	4 662 853	4 335 000	-7%
Discount rate (- 1%)	4 662 853	5 035 000	8%
Average retirement age (- 2 years)	4 662 853	4 113 000	-12%
Average retirement age (+ 2 years)	4 662 853	5 289 000	13%
Withdrawal rates (- 50%)	4 662 853	5 433 000	17%

Sensitivity Analysis on the Current-service and Interest Costs

Assumption	Current Service Cost (R)	Interest Cost (R)	Total(R)	% Change
Estimated for 2018/19	475 300	371 400	846 700	
General salary inflation (+ 1%)	521 900	400 900	922 800	9%
General salary inflation (- 1%)	434 400	345 000	779 400	-8%
Discount rate (+ 1%)	437 600	385 700	823 300	-3%
Discount rate (- 1%)	518 800	353 900	872 700	3%
Average retirement age (- 2 years)	420 400	329 900	750 300	-11%
Average retirement age (+ 2 years)	527 900	423 400	951 300	12%
Withdrawal rates (- 50%)	592 200	435 400	1 027 600	21%

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17 EMPLOYEE BENEFITS (CONTINUED)

17.3 Other Pension Benefits

Defined Benefit Plans

Council contributes to the following defined benefit plans:

LA Retirement Fund (Former Cape Joint Pension Fund)	91 674	84 247
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The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2018 revealed that the fund is in a sound financial position with a funding level of 103.7% (30 June 2017 - 102.6%).

Consolidated Retirement Fund (Former Cape Retirement Fund)	8 081 601	7 008 625
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The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2017 revealed that the fund is in a sound financial position with a funding level of 100.3% (30 June 2016 - 100.6%).

Total	8 173 275	7 092 873
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Both the LA Retirement Fund and Consolidated Retirement Fund are multi-employer plans. Multiple local authorities participate in these multi-employer funds. Multi-employer plans are defined as defined benefit plans. When sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the LA Retirement Fund and Consolidated Retirement Fund are Multi-employer funds defined as defined benefit plan, it will be accounted for as defined contribution plan due to sufficient information not being available.

Defined Contribution Plans

Council contributes to the following defined contribution plans:

National Funds for Municipal Workers	684 086	641 932
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SAMWU National Provident Fund	1 127 874	1 058 814
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Municipal Councillors Pension Fund	519 268	502 169
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Total	2 331 228	2 202 914
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The retirement benefit funds are subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

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NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites

45 700 452

41 917 210

The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:

Opening Balance

41 917 210

42 614 204

Contribution during the year

3 783 242

(696 994)

Increase/(Decrease) in estimate

1 204 759

(3 338 780)

Interest Cost

2 578 483

2 641 786

Total

45 700 452

41 917 210

The calculation for the rehabilitation of the landfill site provision was compiled by an independent qualified engineer in order to determine the present value to rehabilitate the landfill sites at the end of its useful life. The total obligation at year-end can be attributed to the following sites:

Location	Site Dimensions	Estimated Decommission Date	Cost of Rehabilitation	Cost of Rehabilitation
Clanwilliam	23 616m ²	2024	13 056 423	12 000 877
Lambert's Bay	17 580m ²	2024	10 832 141	9 974 636
Citrusdal	26 505m ²	2036	14 966 785	13 565 927
Graafwater	3 000m ²	2024	3 056 315	2 969 803
Elands Bay	4 263m ²	2024	3 788 788	3 405 967
Total			45 700 452	41 917 210

A retrospective calculation of time value of money, based on an average weighted investment rate of prime less 4%, was used. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

Total cost and estimated date of decommission of the sites are as follows:

Location	Estimated Decommission Date	Cost of Rehabilitation	Cost of Rehabilitation
Clanwilliam	2024	17 679 457	17 023 473
Lambert's Bay	2024	14 667 599	14 149 212
Citrusdal	2036	41 948 892	34 462 225
Graafwater	2024	4 138 499	4 212 722
Elands Bay	2024	5 130 327	4 831 434
Total		83 564 774	74 679 066

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PROPERTY RATES

Rateable Land and Buildings

42 146 144

41 372 155

Total

42 146 144

41 372 155

Property rate levied are based on the following rateable valuations:

Residential	2 966 661 458	2 697 009 395
Business	441 627 000	478 272 729
State-owned	165 409 000	187 474 742
Agricultural	2 600 672 412	2 716 536 096
Total Valuation	6 174 369 870	6 079 292 962

Rate that is applicable to the valuations above:

Residential	1.222c/R	1.153c/R
Business and Agricultural	1.580c/R	1.490c/R
State-owned	1.580c/R	1.490c/R
Agricultural	0.305c/R	0.288c/R

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PROPERTY RATES (CONTINUED)

Valuations on land and buildings are performed every five years. The last valuation came into effect on 1 July 2016. Interim valuations are processed on an annual basis to include changes in property values and subdivisions.

The first R 15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act.

An additional rebate of R35 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Municipality's policy.

Rates are levied monthly and annually. Monthly rates are payable by the end of the month in which the amount was levied and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it.

20

GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants - National Government

Equitable Share

45 080 030

40 873 657

45 080 030

40 873 657

Conditional Grants - National Government

32 653 526

31 992 860

Municipal Infrastructure Grant (MIG)

9 634 000

19 509 148

Financial Management Grant (FMG)

1 620 000

1 550 000

Integrated National Electrification Programme (INEP)

8 000 000

4 000 000

Expanded Public Works Program (EPWP)

1 819 000

1 807 000

Water Service Infrastructure Grant (WSIG)

6 681 486

2 063 752

Municipal Disaster Grant

4 899 040

3 062 960

Conditional Grants - Provincial Government

89 522 137

18 794 671

Human Settlement Development Grant

66 143 093

7 618 103

Library Services MRF

4 466 451

4 156 549

Municipal Drought Support Grant

5 129 471

699 466

Financial Management Support Grant

966 118

1 554 370

Municipal Capacity Building Grant

92 164

1 572 076

Acceleration of Housing Delivery

11 722 678

3 006 495

Other Provincial Allocations

1 002 162

187 611

Total

167 255 693

91 661 189

Disclosed as:

Government Grants and Subsidies - Operating

84 329 819

57 682 108

Government Grants and Subsidies - Capital

82 925 874

33 979 081

Total

167 255 693

91 661 189

Grants per Vote (MFMA Sec 123 (c)):

Equitable share

45 080 030

40 873 657

Office of the Municipal Manager

39 513

107 212

Executive and Council

79 252

119 032

Financial Services

1 620 000

2 084 650

Community Development Services

7 098 876

13 610 753

Corporate and Strategic Services

92 164

469 509

Engineering and Planning Services

113 245 858

34 396 376

Total

167 255 693

91 661 189

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20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

The movements per grant can be summarised as follows:

20.01 Equitable Share

Opening Unspent Balance	-	-
Grants Received	45 080 030	40 873 657
Transferred to Revenue - Operating	(45 080 030)	(40 873 657)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

20.02 Municipal Infrastructure Grant (MIG)

Opening Unspent Balance	2 286 030	5 928 178
Grants Received	7 347 970	15 867 000
Transferred to Revenue - Operating	(1 907 568)	(3 174 514)
Transferred to Revenue - Capital	(7 726 432)	(16 334 634)
Other Movements	-	-
Closing Unspent Balance	-	2 286 030

The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.

20.03 Financial Management Grant (FMG)

Opening Unspent Balance	-	-
Grants Received	1 620 000	1 550 000
Transferred to Revenue - Operating	(1 620 000)	(1 550 000)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-

The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial Management Internship

20.04 Integrated National Electrification Programme (INEP)

Opening Unspent Balance	-	-
Grants Received	8 000 000	4 000 000
Transferred to Revenue - Operating	(1 043 478)	(496 403)
Transferred to Revenue - Capital	(6 956 522)	(3 503 597)
Other Movements	-	-
Closing Unspent Balance	-	-

The INEP grant is a conditional grant to provide capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.

20.05 Expanded Public Works Program (EPWP)

Opening Unspent Balance	-	-
Grants Received	1 819 000	1 807 000
Transferred to Revenue - Operating	(1 819 000)	(1 779 492)
Transferred to Revenue - Capital	-	(27 508)
Other Movements	-	-
Closing Unspent Balance	-	-

The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.

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20	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
20.06	Regional Bulk Infrastructure Grant (RBIG)		
	Opening Unspent Balance	-	12 454 571
	Grants received	-	(12 454 571)
	Transferred to Revenue - Operating	-	-
	Transferred to Revenue - Capital	-	-
	Other Movements	-	-
	Closing Unspent Balance	-	-
	The Regional Bulk Infrastructure Grant is used for the upgrade water infrastructure.		
20.07	Water Service Infrastructure Grant (WSIG)		
	Opening Unspent Balance	7 936 248	24 087
	Grants Received	-	9 975 913
	Transferred to Revenue - Operating	(870 194)	(268 420)
	Transferred to Revenue - Capital	(5 811 293)	(1 795 332)
	Other Movements	-	-
	Closing Unspent Balance	1 254 762	7 936 248
	This grant is for the design and construction of a reservoir. The current year's unspent grant is due to a saving on the project.		
20.08	Municipal Disaster Grant		
	Opening Unspent Balance	4 899 040	-
	Grants received	-	7 962 000
	Transferred to Revenue - Operating	(639 005)	(399 517)
	Transferred to Revenue - Capital	(4 260 035)	(2 663 443)
	Other Movements	-	-
	Closing Unspent Balance	-	4 899 040
	The purpose of this grant is to fund emergency drought relief.		
20.09	Human Settlement Development Grant		
	Opening Unspent Balance	-	4 826
	Grants Received	67 791 739	7 613 277
	Transferred to Revenue - Operating	(22 564 747)	(1 327 391)
	Transferred to Revenue - Capital	(43 578 346)	(6 290 712)
	Other Movements	-	-
	Closing Unspent Balance	1 648 646	-
	Housing grants was utilised for the development of erven and the erection of top structures.		
20.10	Library Services MRF		
	Opening Unspent Balance	66 451	-
	Grants Received	4 400 000	4 223 000
	Transferred to Revenue - Operating	(4 446 451)	(4 134 197)
	Transferred to Revenue - Capital	(20 000)	(22 353)
	Other Movements	-	-
	Closing Unspent Balance	-	66 451
	The Library Services (Municipal Replacement Fund) Grant is used to pay the salaries of library staff.		
20.11	Municipal Drought Support Grant		
	Opening Unspent Balance	5 398 259	97 725
	Grants Received	-	6 000 000
	Transferred to Revenue - Operating	(1 036 813)	-
	Transferred to Revenue - Capital	(4 092 657)	(699 466)
	Other Movements	-	-
	Closing Unspent Balance	268 788	5 398 259
	This grant is utilised for the completion of the desalination plant in Lambert's Bay.		

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20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

20.12 Financial Management Support Grant

Opening Unspent Balance	222 630	-
Grants Received	788 072	1 777 000
Transferred to Revenue - Operating	(679 162)	(1 554 370)
Transferred to Revenue - Capital	(286 956)	-
Other Movements	-	-
Closing Unspent Balance	44 584	222 630

The Financial Management Grant is paid by Provincial Treasury to municipalities to help implement revenue enhancement.

20.13 Municipal Capacity Building Grant

Opening Unspent Balance	-	1 332 076
Grants Received	360 000	240 000
Transferred to Revenue - Operating	(92 164)	(1 572 076)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	267 836	-

This grant is utilised as a capacity initiative for graduates to enter the workforce in local government.

20.14 Acceleration of Housing Delivery

Opening Unspent Balance	12 420 736	12 397 231
Grants Received	-	3 030 000
Transferred to Revenue - Operating	(1 529 045)	(364 459)
Transferred to Revenue - Capital	(10 193 633)	(2 642 036)
Other Movements	-	-
Closing Unspent Balance	698 058	12 420 736

Housing delivery grant was utilised for the construction of infrastructure for housing projects.

20.15 Other Provincial Allocations

Opening Unspent Balance	230 689	76 300
Grants Received	929 725	342 000
Transferred to Revenue - Operating	(1 002 162)	(187 611)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	158 252	230 689

Other National Allocations include grants such as:

- CDW Support
- Housing Consumer Education
- Local Government Graduate Internship Grant
- Thusong Service Centre Grant
- Municipal Disaster Grant
- Road Maintenance (Proclaimed)

20.16 Total Grants

Opening Unspent Balance	33 460 081	32 314 994
Grants Received	138 136 538	92 806 276
Transferred to Revenue - Operating	(84 329 819)	(57 682 108)
Transferred to Revenue - Capital	(82 925 874)	(33 979 081)
Other Movements	-	-
Closing Unspent Balance	4 340 926	33 460 081

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21	PUBLIC CONTRIBUTIONS AND DONATIONS		
	Other donations	5 000	-
	Total	5 000	-
22	CONTRIBUTED ASSETS		
	Infrastructure	11 476 772	-
	Sport and Recreational Facilities	-	396 370
	Transport Assets	-	650 000
	Total	11 476 772	1 046 370
	The contributed assets for 2018/19 relates to infrastructure of the Cedar Mill Mall of which the Municipality took ownership during the current year.		
23	FINES, PENALTIES AND FORFEITS		
	Traffic	19 701 813	15 247 339
	Overdue Book Fines	16 227	15 433
	Illegal Connections	16 183	30 771
	Retentions	1 240 222	-
	Unclaimed Money	183 051	201
	Total	21 157 496	15 293 744
	In terms of the requirements of GRAP 23 and IGRAP 1, all fines issued during the year less any cancellations or reductions identified are recognised as revenue.		
24	ACTUARIAL GAINS / (LOSSES)		
	Post Retirement Medical Benefits	8 693 932	(974 013)
	Long Service Awards	(788 022)	(180 538)
	Total	7 905 910	(1 154 551)
25	REVERSAL OF IMPAIRMENTS		
	Property, Plant and Equipment	-	1 653
	The impairments relate to the capitalised restoration costs. The impairment was caused by the change in the discount rate which is linked to the prime rate.		
26	SERVICE CHARGES		
	Electricity	84 767 129	79 818 072
	Water	26 641 739	24 857 151
	Sanitation	13 012 496	12 743 128
	Refuse	9 212 845	7 599 102
	Total Revenue	133 634 209	125 017 453
	Less: Rebates	(4 746 709)	(4 675 298)
	Electricity	(67 574)	(17 271)
	Water	(894 976)	(931 163)
	Sanitation	(3 363 793)	(3 291 423)
	Refuse	(420 366)	(435 441)
	Total	128 887 500	120 342 155

Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it.

CEDERBERG LOCAL MUNICIPALITY

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27	RENTAL OF FACILITIES AND EQUIPMENT		
	Halls and Sportfields	168 549	165 846
	Camping and Entrance Fees	2 766 075	2 972 228
	Commonage	228 020	201 894
	Hawker Stands	111 512	110 477
	Other rentals	-	1 490
	Total	3 274 156	3 451 935
28	AGENCY SERVICES		
	Drivers Licence Applications	263 167	303 516
	Drivers Licences Issued	313 433	318 861
	Duplicate Registration Certificates	52 236	49 482
	Keeping of Registration Number	13 250	13 750
	Learner Licence Applications	96 143	85 058
	Learner Licences Issued	24 638	20 209
	Professional Drivers Permit Applications	94 880	69 824
	Professional Drivers Permits Issued	35 309	31 512
	Roadworthy Certificate Applications	227 060	223 701
	Roadworthy Certificates Issued	43 119	40 754
	Temporary and special permits	29 142	24 843
	Vehicle Registration	2 140 288	1 919 825
	Total	3 332 665	3 101 335
29	OTHER INCOME		
	Application Fees for Land Usage	59 067	105 391
	Building Plan Approval	781 057	929 178
	Cemetery and Burial	89 521	100 512
	Clearance and Valuation Certificates	39 982	44 459
	Collection Charges	5 557	37 598
	Commission	46 129	40 622
	Development Charges	132 808	1 598 402
	Photocopies and Faxes	23 746	28 818
	Skills Development Levy Refund	184 453	140 059
	Sub-division and Consolidation Fees	38 015	31 445
	Tender Documents	101 911	55 760
	Sundry Income	24 232	17 595
	Total	1 526 478	3 129 839
	As previously reported		3 344 032
	Correction of error restatement - note 40.1		(214 193)
	Restated balance		3 129 839
	Sundry income represents sundry income such as sale of sundry items (wood, sand and stones) and fees for items not included under service charges		

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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EMPLOYEE RELATED COSTS

	2019	2018
Basic Salaries and Wages	67 223 997	60 290 222
Pension and UIF Contributions	10 595 845	9 349 998
Medical Aid Contributions	3 711 094	3 217 345
Overtime	3 790 621	4 550 386
Motor Vehicle Allowance	4 411 904	4 476 636
Cellphone Allowance	410 361	437 368
Housing Allowance	638 774	530 429
Other benefits and allowances	4 026 383	2 698 993
Bargaining Council	37 549	32 846
Group Life Insurance	1 312 201	1 150 723
Scarcity Allowance	518 987	705 441
Standby Allowance	2 157 646	809 983
Contributions to Employee Benefits	8 858 806	7 612 230
Bonuses	4 720 520	4 186 069
Staff Leave	1 229 951	740 828
Performance Bonus	409 070	295 503
Long Service Awards	344 096	318 934
Post Retirement Medical Benefits	2 155 169	2 070 896
Workmens Compensation Fund	476 139	494 920
Total	104 143 924	93 658 527

Remuneration of Management Personnel

The Municipal Manager and Directors are appointed on a 5-year fixed contract.

Municipal Manager - GF Matthyse (resigned July 2017)

Annual Remuneration	-	365 413
Car Allowance	-	228 977
Cellphone Allowance	-	18 000
Rural Allowance	-	45 795
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	6 752
Total	-	664 937

The above-mentioned payments were made in terms of the settlement agreement.

Municipal Manager - PL Volschenk (appointed November 2017)

Annual Remuneration	935 134	550 703
Performance Bonus / 13th Cheque	101 868	-
Car Allowance	96 000	61 091
Cellphone Allowance	36 000	22 909
Rural Allowance	100 101	59 533
Contributions to UIF, Medical, Pension Funds and Bargaining Council	234 247	140 405
Total	1 503 351	834 641

Director: Engineering Services - P Majeni (resigned January 2018)

Annual Remuneration	-	397 795
Car Allowance	-	56 000
Housing Allowance	-	42 000
Cellphone Allowance	-	10 500
Rural Allowance	-	45 392
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	78 146
Total	-	629 832

CEDERBERG LOCAL MUNICIPALITY

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30 EMPLOYEE RELATED COSTS (CONTINUED)

Director: Community Services - R Bent (appointed June 2017)

Annual Remuneration	616 157	562 991
Performance Bonus / 13th Cheque	96 461	-
Car Allowance	180 000	180 000
Cellphone Allowance	18 000	18 000
Rural Allowance	75 317	70 154
Contributions to UIF, Medical, Pension Funds and Bargaining Council	156 147	143 869
Total	1 142 083	975 014

Director: Finance - E Alfred

Annual Remuneration	748 793	692 446
Performance Bonus / 13th Cheque	136 273	120 972
Car Allowance	120 000	120 000
Cellphone Allowance	18 000	18 000
Rural Allowance	83 321	77 870
Contributions to UIF, Medical, Pension Funds and Bargaining Council	185 262	172 700
Total	1 291 650	1 201 989

Director: Corporate Services - A McCullum (April 2017 - May 2018)

Annual Remuneration	-	656 809
Car Allowance	-	159 277
Cellphone Allowance	-	19 500
Rural Allowance	-	76 000
Leave Payout	-	47 021
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	141 859
Total	-	1 100 465

31 REMUNERATION OF COUNCILLORS

Executive Mayor	879 646	804 873
Deputy Executive Mayor	648 108	645 194
Speaker	715 536	693 913
Mayoral Committee Members	1 428 013	1 249 334
All Other Councillors	1 720 988	1 899 902
Total	5 392 291	5 293 216

The positions of Executive Mayor, Deputy Mayor and Speaker were filled as follow:

Executive Mayor	- WJ Farmer (20 September 2018 to date)
	- J Barnard (20 August 2016 to 19 September 2018)
Deputy Mayor	- FN Sokuyeka (30 January 2019 to date)
	- BF Zass (20 August 2016 to 29 January 2019)
Speaker	- BF Zass (30 January 2019 to 30 June 2019)
	- J Meyer (20 September 2018 to 29 January 2019)
	- WJ Farmer (20 August 2016 to 19 September 2018)

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee member serve in a full-time capacity. They are provided with secretarial support and an office each at the cost of the Council.

Councillors may utilize municipal transportation when engaged in official duties

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

<i>Figures in Rand</i>		2019	2018
32	DEBT IMPAIRMENT		
	Receivables from Exchange Transactions	16 608 398	16 922 625
	Receivables from Non-Exchange Transactions	20 565 639	11 733 532
	Total Debt Impairment	37 174 037	28 656 158
	Movement in VAT included in debt impairment	337 753	(2 359 607)
	Total	37 511 790	26 296 551
33	DEPRECIATION AND AMORTISATION		
	Investment Property	52 250	52 250
	Property, Plant and Equipment	15 085 476	14 280 240
	Intangible Assets	41 495	52 481
	Capitalised Restoration Cost (PPE)	1 258 015	1 719 557
	Total	16 437 235	16 104 528
	As previously reported		16 070 013
	Correction of error restatement - note 40.4		34 515
	Restated balance		16 104 528
34	FINANCE CHARGES		
	Cash	2 360 413	2 714 924
	Long-term Liabilities	2 271 853	2 560 264
	Bank Overdraft	88 560	154 660
	Non-cash	5 798 457	5 393 255
	Post Retirement Medical Benefits	2 921 593	2 485 173
	Long Service Awards	298 381	266 296
	Rehabilitation of Landfill Sites	2 578 483	2 641 786
	Total	8 158 870	8 108 179
	As previously reported		8 073 767
	Correction of error restatement - note 40.4		34 412
	Restated balance		8 108 179
35	BULK PURCHASES		
	Electricity	70 864 840	67 510 341
	Water	945 262	1 021 028
	Total	71 810 102	68 531 369
	Bulk Purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the municipal area for re-sale to consumers. Electricity is purchased from Eskom and water is purchased from a variety of suppliers including DWA and a number of private suppliers.		

CEDERBERG LOCAL MUNICIPALITY

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36	CONTRACTED SERVICES		
	Accounting and Auditing	2 248 091	1 448 171
	Engineering Services	111 159	1 393 441
	Housing	21 547 312	1 322 565
	Human Resources	382 554	378 657
	Laboratory Services	186 124	318 314
	Legal Cost	422 296	635 768
	Maintenance Services	7 847 526	8 390 498
	Project Management (mSCOA Implementation)	571 535	2 616 542
	Safeguard and Security	2 109 877	3 022 028
	Traffic Fines Management	1 223 980	937 149
	Valuers and Assessors	169 664	247 696
	Other Contracted Services	1 481 569	1 465 156
	Total	38 301 687	22 175 985
	As previously reported		-
	Reclassification - note 41.1		22 175 985
	Restated balance		22 175 985
37	TRANSFERS AND GRANTS		
	Bursaries	306 928	364 269
	Festivals	340 000	263 158
	Sport Councils	116 716	93 625
	Tourism Board	300 000	300 000
	Schools	2 500	-
	Total	1 066 144	1 021 052
38	OTHER EXPENDITURE		
	Advertising, Publicity and Marketing	212 586	160 849
	Bank Charges	746 806	662 956
	Chemicals	338 338	308 975
	Cleaning Materials	282 755	285 740
	Commission - Prepaid Electricity	1 636 571	1 718 934
	Computer Services	884 759	1 021 323
	Drivers Licences and Permits	229 475	199 684
	External Audit Fees	3 663 929	3 643 292
	Fuel and Oil	3 244 823	2 712 525
	Hire Charges	2 118 209	862 824
	Insurance	839 663	957 915
	Maintenance Materials and Tools	5 085 728	5 232 709
	Motor Vehicle Licence and Registrations	158 934	142 257
	Printing and Stationery	1 163 634	1 173 618
	Professional Bodies, Membership and Subscription	1 108 845	893 931
	Remuneration of Ward Committees	179 500	214 500
	Skills Development Fund Levy	887 928	797 505
	Telephone	1 854 082	1 806 267
	Training	607 779	854 003
	Travel and Subsistence	1 397 504	1 047 990
	Uniform and Protective Clothing	728 878	485 634
	Other Expenditure	890 030	1 720 868
	Total	28 260 756	26 904 299
	As previously reported		49 174 185
	Correction of error restatement - note 40.4		(93 901)
	Reclassification - note 41.1		(22 175 985)
	Restated balance		26 904 299

CEDERBERG LOCAL MUNICIPALITY

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39 LOSS ON DISPOSAL OF NON-MONETARY ASSETS

Proceeds	702 082	199 051
Less: Carrying value of Investment Property disposed	(77 500)	(263 400)
Less: Carrying value of Property, Plant and Equipment disposed	(1 102 128)	(287 791)
Less: Carrying value of Intangible Assets disposed	(2 741)	(1 181)
Total	(480 287)	(353 321)
As previously reported		(50 690)
Correction of error restatement - note 40.3		(302 632)
Restated balance		(353 321)

40 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR

40.1 Receivables from Exchange and Non-Exchange Transactions

Corrections made to Receivables include the following:

- Legal Fees amounting to R214 193 was incorrectly levied to a consumers account.
- The age analysis of the prior year was restated as a result of the incorrect data used. Accordingly, there were a misclassification between Receivables from Exchange and Non-Exchange Transactions amounting to R40 261,
- An Eskom deposit amounting to R353 374 was not recorded on the deposit register.
- A sundry debtor account amounting to R104 137 was incorrectly mapped to Payables from Exchange Transactions, rather than Receivables from Non-Exchange Transactions.

The net effect of the above-mentioned errors were as follow:

- Receivables from Exchange Transactions - note 3	Overstated	(173 932)
- Receivables from Non-Exchange Transactions - note 4	Understated	417 249
- Payables from exchange transactions - note 14	Understated	104 137
- Other Income - note 29	Overstated	(214 193)
- Accumulated Surplus - note 40.6	Understated	353 373

40.2 Taxes

In the current year, the balances transferred from the previous accounting system (Promis) was reconciled, whereby it was determined that VAT amounting to R141 350 which was included under Taxes, was not deemed claimable from the South African Revenue Service (SARS).

The net effect of the above-mentioned errors were as follow:

- Taxes - note 5	Overstated	(141 350)
- Accumulated Surplus - note 40.6	Overstated	(141 350)

40.3 Investment Property

Corrections made to Property, Plant and Equipment include the following:

- It was noted that Investment Property to R2 813 400 was already sold in prior years and should have been removed from the asset register.
- Property sales amounting to R302 632 was duplicated in both 2016/17 and 2017/18 financial year.

The net effect of the above-mentioned errors were as follow:

- Receivables from Exchange Transactions - note 3	Understated	428 148
- Investment Property - note 8	Overstated	(2 813 400)
- Payables from exchange transactions - note 14	Overstated	(1 248 915)
- Loss on disposal of Non-Monetary Assets - note 39	Understated	302 632
- Accumulated Surplus - note 40.6	Overstated	(833 705)

CEDERBERG LOCAL MUNICIPALITY

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40 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR (CONTINUED)

40.4 Property, Plant and Equipment

Corrections made to Property, Plant and Equipment include the following:

- Leased assets meeting the definition of a Finance Lease amounting to R667 858 was not recognised on the asset register.
- Other Assets (movable assets) previously not included in the asset register were identified during the current years asset verification with a carrying value of R24 706.

The net effect of the above-mentioned errors were as follow:

- Property, Plant and Equipment - note 9	Understated	664 661
- Long-term Liabilities (current portion) - note 12	Understated	198 583
- Long-term Liabilities (non-current portion) - note 12	Understated	409 786
- Depreciation and Amortisation - note 33	Understated	34 515
- Finance Charges - note 34	Understated	34 412
- Other Expenditure - note 38	Overstated	(93 901)
- Accumulated Surplus - note 40.6	Understated	31 317

40.5 Payables from exchange transactions

Corrections made to Payables from Exchange Transactions include the following:

- An amount of R101 706 which was received as a payment received in advance, was never levied during 2016/17. Accordingly Payables from Exchange Transactions was overstated, while Accumulated Surplus was understated.

The net effect of the above-mentioned errors were as follow:

- Payables from exchange transactions - note 14	Overstated	(101 706)
- Taxes - note 5	Overstated	(12 490)
- Accumulated Surplus - note 40.6	Understated	89 216

40.6 Accumulated Surplus

Receivables from Exchange and Non-Exchange Transactions - note 40.1	Understated	353 373
Taxes - note 40.2	Overstated	(141 350)
Investment Property - note 40.3	Overstated	(833 705)
Property, Plant and Equipment - note 40.4	Understated	31 317
Payables from exchange transactions - note 40.5	Understated	89 216
Total		(501 149)

41 PRIOR PERIOD ADJUSTMENTS - RECLASSIFICATION

41.1 Contracted Services

Items listed in note 36 were reclassified from Other Expenditure to Contracted Services in order to align the expenditure to the mSCOA chart.

The above mentioned reclassifications affected the following line items:

- Contracted Services	22 175 985
- Other Expenditure	(22 175 985)

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42 NET CASH FROM OPERATING ACTIVITIES

	2019	2018
Net Surplus for the year	80 327 122	13 427 877
Adjusted for:		
Non-cash revenue included in Net Surplus	(19 378 878)	(1 044 485)
Contributed Assets	(11 476 772)	(1 046 370)
Actuarial Gains	(7 905 910)	-
Reversal of Impairments	-	(1 653)
Rental of Facilities and Equipment - decrease in operating lease asset	3 804	3 538
Non-cash expenditure included in Net Surplus	69 088 548	56 899 721
Employee Related Costs - Contributions towards	8 858 806	7 612 230
Post Retirement Medical Benefits	2 155 169	2 070 896
Long Service Awards	344 096	318 934
Bonuses	4 720 520	4 186 069
Staff Leave	1 229 951	740 828
Performance Bonuses	409 070	295 503
Debt Impairment	37 511 790	26 296 551
Depreciation and Amortisation	16 437 235	16 104 528
Actuarial Losses	-	1 154 551
Finance Charges	5 798 457	5 393 255
Post Retirement Medical Benefits	2 921 593	2 485 173
Long Service Awards	298 381	266 296
Provision for Rehabilitation of Landfill-sites	2 578 483	2 641 786
Other Expenditure - decrease in operating lease liability	1 973	(14 715)
Loss on disposal of Non-Monetary Assets	480 287	353 321
Cash expenditure not included in Net Surplus	(6 608 666)	(5 831 055)
Post Retirement Medical Benefits	(800 179)	(698 531)
Long Service Awards	(447 865)	(390 504)
Bonuses	(4 467 720)	(4 048 293)
Staff Leave	(558 299)	(572 755)
Performance Bonus	(334 603)	(120 972)
Operating Surplus before changes in working capital	123 428 127	63 452 058
Movement in working capital	(41 019 580)	(22 579 607)
Receivables from Exchange Transactions	(19 402 179)	(20 582 632)
Receivables from Non-Exchange Transactions	(20 694 133)	(15 720 116)
Inventory	(98 900)	(246 848)
Payables from exchange transactions	25 751 844	14 420 671
Unspent Conditional Government Grants	(29 119 157)	1 145 089
Taxes	2 542 946	(1 595 771)
Cash Flow from Operating Activities	82 408 547	40 872 451

43 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise out of the following:

Primary Bank Account	3 450 353	8 510 051
Call and Notice Deposits	3 735 372	10 016 900
Cash Floats	1 672	5 114
Total	7 187 397	18 532 065

Refer to note 2 for more details relating to cash and cash equivalents.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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44 BUDGET COMPARISONS

44.1 Original vs Final Budget

Statement of Financial Position

Items in the State of Financial Position were adjusted to take into account adjustments made to the operating and capital budget and also to align balances with the actual audit outcomes of 2017/18.

Statement of Financial Performance - Revenue

Service charges were adjusted in accordance with the audited actuals of 2017/18.

Transfers Recognised (Operational) was adjusted for roll over application approvals and / or additional funding as follow:

- *Human Settlements Development Grant (R24.1 million)*

Transfers Recognised (Capital) was adjusted for roll over application approvals and / or additional funding as follow:

- *Human Settlements Development Grant (R29.4 million)*

Contributions Recognised - Capital was adjusted to take into account infrastructure assets transferred to the Municipality as part of the agreement of the mall development.

Statement of Financial Performance - Expenditure

Other Materials were increased in order to align with the approved maintenance plans.

Contracted Services was increased to take into account grant expenditure relating the Transfers Recognised (Operational).

Cash Flow Statement

Net Cash Flow from Operating Activities had a net increase due to additional grant funding anticipated.

Net Cash Flow from Investing Activities was increased to take into account additional capital expenditure resulting from grant funding.

44 BUDGET COMPARISONS (CONTINUED)

44.2 Actual Amounts vs Final Budget

Statement of Financial Position

Current assets were more than budgeted for due to several grant funded projects which were not concluded at year-end, resulting in a higher bank balance.

Current liabilities were more than budgeted for due to several grant funded projects which were not concluded at year-end, resulting in an unspent conditional grant balance which was not budgeted for. Also higher outstanding creditors than anticipated.

Non-Current liabilities were less than budget due to a lower increase in the landfill site provision than anticipated.

Statement of Financial Performance - Revenue

Property Rates were less than budget due to decrease in the supplementary valuation roll of certain property categories.

Service Charges were less than budget due to less water and electricity sales than anticipated.

Transfers recognised (operational) were less than budgeted due to grant funded projects which were not concluded at year-end.

Own Revenue were more than budgeted for due to actuarial gains which were not budgeted for.

Statement of Financial Performance - Expenditure

Bulk Purchases were less than budget due to lower water and electricity sales than anticipated.

Other Material and Other Expenditure should be read in conjunction. The nett effect of the variances combined is less than materiality.

Contracted Services were less than budget due to grant funded projects which were not concluded at year-end.

Cash Flow Statement

Net Cash Flow from Investing Activities was less than budgeted for as not all projects were implemented.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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45 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

45.1 Unauthorised Expenditure

Unauthorised expenditure can be reconciled as follow:

Opening balance	637 243	1 163 123
Unauthorised expenditure current year - operating	-	447 177
Unauthorised expenditure current year - capital	1 461 115	190 066
Approved by Council	(637 243)	(1 163 123)
Unauthorised expenditure awaiting further action	1 461 115	637 243

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred. Refer below for votes of which the expenditure was in excess of the approved budget:

	2019 (Actual) R	2019 (Final Budget) R	2019 (Unauthorised) R	2018 (Unauthorised) R
Unauthorised expenditure - Operating				
Vote 1 - Executive and Council	8 453 882	9 217 390	-	95 035
Vote 2 - Office of Municipal Manager	3 831 188	3 832 354	-	-
Vote 3 - Financial Services	44 929 810	45 749 687	-	-
Vote 4 - Community Development Services	49 729 307	53 275 851	-	-
Vote 5 - Corporate and Strategic Services	16 382 834	16 477 892	-	352 142
Vote 6 - Engineering and Planning Services	186 656 466	193 801 281	-	-
Vote 7 - Risk Management and Legal Services	1 579 601	1 780 331	-	-
Total	311 563 088	324 134 786	-	447 177
Unauthorised expenditure - Capital				
Vote 1 - Executive and Council	2 290	126 634	-	-
Vote 2 - Office of Municipal Manager	-	13 000	-	-
Vote 3 - Financial Services	597 283	1 163 900	-	-
Vote 4 - Community Development Services	4 064 349	4 338 153	-	190 066
Vote 5 - Corporate and Strategic Services	2 571 506	1 110 391	1 461 115	-
Vote 6 - Engineering and Planning Services	96 989 928	98 850 440	-	-
Vote 7 - Risk Management and Legal Services	13 320	18 000	-	-
Total	104 225 356	105 602 518	1 461 115	190 066

The over expenditure incurred by the municipal departments is attributable to the following categories:

Non-cash

Capital - Contributed / Donated Assets	-	190 066
Lease of assets considered a finance lease for which no capital budget was provided	1 461 115	-

Cash

Employee Related Costs	-	256 095
Remuneration of Councillors	-	95 035
Transfers and grants	-	91 494
Other Expenditure	-	4 553
	1 461 115	637 243

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45 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

45.2 Irregular Expenditure

Irregular expenditure can be reconciled as follow:

Opening balance	51 176 640	14 633 550
Irregular expenditure incurred in the current year	69 983 275	36 543 090
Approved by Council	(51 199 043)	-
Irregular expenditure awaiting further action	69 960 872	51 176 640

Details of irregular expenditure incurred:

(a) Procurement process not followed with regards to a supplier appointed by Council in 2011	69 960 872	51 176 640
(b) Services rendered without an order	22 403	-
	69 983 275	51 176 640

Incidents/cases identified in the current year include:

(a) Procurement process not followed with regards to a supplier appointed by Council in 2011	1	1
(b) Services rendered without an order	1	-

Amount recoverable

(a) Procurement process not followed with regards to a supplier appointed by Council in 2011	-	-
(b) Services rendered without an order	-	-

No disciplinary steps or criminal proceedings were instituted as a result of irregular expenditure incurred.

45.3 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure can be reconciled as follow:

Opening balance	378 847	256 409
Fruitless and wasteful expenditure incurred	4 770	122 438
Approved by Council	(378 847)	-
Fruitless and wasteful expenditure awaiting further action	4 770	378 847

Details of fruitless and wasteful expenditure incurred

(a) Electricity vendor did not pay electricity sales to Municipality	-	256 409
(b) SARS interest and penalties	-	122 438
(c) Penalties on outstanding TV licences	4 770	-
Total	4 770	378 847

Disciplinary steps or criminal proceedings undertaken on above-mentioned fruitless and wasteful expenditure incurred:

- (a) Approved by Council
- (b) Approved by Council
- (c) The matter will be table to MPAC for resolution.

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	2019	2018
46 MATERIAL LOSSES		
46.1 Water distribution losses		
Kilo litres disinfected/purified/purchased	3 180 952	3 096 910
Kilo litres sold and free basic services	(2 908 903)	(2 736 232)
Kilo litres lost during distribution	272 049	360 678
Percentage lost during distribution	8.55%	11.65%
Normal pipe bursts and field leakages are responsible for water losses.		
46.2 Electricity distribution losses		
Units purchased (Kwh)	62 240 508	64 376 526
Units sold, free basic services and standard friction losses	(59 608 564)	(60 418 539)
Units lost during distribution (Kwh)	2 631 944	3 957 987
Percentage lost during distribution	4.23%	6.15%
Electricity losses are due to electricity theft on pre-paid meters. Fines were issued for first time offenders.		
47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
47.1 SALGA Contributions [MFMA 125 (1)(b)]		
Opening balance	-	-
Expenditure incurred	1 063 110	864 246
Payments	(911 920)	(864 246)
Payments in advance	151 190	-
47.2 Audit Fees [MFMA 125 (1)(c)]		
Opening balance	-	-
Expenditure incurred	3 663 929	3 643 292
Payments	(3 392 349)	(3 643 292)
Outstanding Balance	271 580	-
47.3 VAT [MFMA 125 (1)(c)]		
Opening balance	2 890 228	(1 756 773)
Net amount claimed during the year	144 765	5 325 586
Net amount received during the year	(2 893 108)	(678 585)
Outstanding Balance Payable	141 885	2 890 228
VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors. All VAT returns have been submitted by the due date throughout the year.		
47.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]		
Opening balance	1 026 074	981 020
Payroll deductions and Council Contributions during the year	14 851 741	13 299 741
Payments	(15 877 815)	(13 254 687)
Outstanding Balance	-	1 026 074

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

47.5 Pension and Medical Aid Contributions [MFMA 125 (1)(c)]

Opening balance	-	-
Payroll deductions and Council Contributions during the year	23 353 291	20 638 389
Payments made to pension and medical fund	(23 353 291)	(20 638 389)
Outstanding Balance	-	-

47.6 Councillors Arrear Accounts [MFMA 124 (1)(b)]

The following Councillors had arrear accounts for more than 90 days as at 30 June:

FN Sokuyeka	2 353	-
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47.7 Deviations from Supply Chain Management Regulations

Deviations from Supply Chain Management Regulations were identified on the following categories:

Section 36(1)(a)(i) - Emergencies	1 259 408	487 648
Section 36(1)(a)(ii) - Single provider	64 887	571 007
Section 36(1)(a)(iii) - Specialised services	-	-
Section 36(1)(a)(iv) - Acquisition of animals for zoo's	-	-
Section 36(1)(a)(v) - Impractical so follow official procurement process	37 841	44 780
Total	1 362 137	1 103 435

Deviations from Supply Chain Management Regulations can be allocated as follow:

Office of the Municipal Manager	-	-
Financial Services	-	243 684
Corporate and Strategic Services	8 338	17 933
Community Development Services	553 211	265 525
Engineering and Planning Services	800 588	576 293
Total	1 362 137	1 103 435

All the deviations were ratified by the Municipal Manager and reported to Council.

47.8 Other Non-Compliance [MFMA 125(2)(e)]

(a) Payments not made within 30 days

Money owed by the Municipality was not always paid within 30 days, as required by section 65(2)(e) of the Municipal Finance Management Act.

48 CAPITAL COMMITMENTS

Approved and contracted for	29 256 142	16 958 313
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This expenditure will be financed from:

Government Grants	26 716 643	16 204 425
Own funding	2 539 499	753 888
Total	29 256 142	16 958 313

Capital Commitments are disclosed exclusive of Value Added Tax (VAT).

The prior year figure was restated from R16 923 760 to R16 958 313 due to a calculation error.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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49 FINANCIAL RISK MANAGEMENT

The Municipality is potentially exposed to the following risks:

49.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The following financial assets are exposed to credit risk:

Cash and Cash Equivalents	7 187 397	18 532 065
Receivables from exchange transactions	33 355 213	30 561 431
Total	40 542 610	49 093 496

Cash and Cash Equivalents

Deposits of the Municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held and no cash were pledged as security. No collateral is held for any cash and cash equivalents.

Receivables from Exchange Transactions

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be passed due.

Refer to note 3 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be passed due.

Also refer to note 3 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

The following service receivables are passed due, but not impaired:

Electricity	5 038 565	3 660 451
Water	6 098 593	2 844 123
Refuse	2 226 433	1 533 383
Sewerage	3 295 324	2 406 812
Other	2 599 804	1 896 859
Rates (Statutory Receivable)	8 057 763	7 848 758
Total	27 316 482	20 190 387

49.2 Currency risk (Market Risk)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The financial instruments of the Municipality is not directly exposed to any currency risk.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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49 FINANCIAL RISK MANAGEMENT (CONTINUED)

49.3 Interest rate risk (Market Risk)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following balances are exposed to interest rate fluctuations:

Cash and Cash Equivalents (excluding cash on hand)	7 185 725	18 526 951
Long-term Liabilities (including current portion)	(20 581 279)	(22 375 522)
Net balance exposed	(13 395 554)	(3 848 571)

Potential effect of changes in interest rates on surplus and deficit for the year:

1% (2018 - 1%) increase in interest rates	(133 956)	(38 486)
0% (2018 - 0%) decrease in interest rates	-	-

South Africa is currently in an upward interest rate cycle and management does not foresee a decrease in the next 12 months.

49.4 Liquidity risk

Liquidity risk is the risk encountered by the Municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The Municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

The following balances are exposed to liquidity risk:

	Within 1 Year	Between 2 to 5 years	After 5 years	Total
30 JUNE 2019				
Annuity Loans	3 943 089	13 814 847	2 496 396	20 254 332
Finance Lease Liabilities	2 506 417	4 413 129	-	6 919 546
Payables from exchange transactions	75 109 292	-	-	75 109 292
Unspent Conditional Government Grants	4 340 926	-	-	4 340 926
Total	85 899 724	18 227 976	2 496 396	106 624 096
30 JUNE 2018				
Annuity Loans	4 242 425	15 772 360	4 481 974	24 496 759
Finance Lease Liabilities	1 642 492	4 251 934	-	5 894 426
Payables from exchange transactions	49 271 956	-	-	49 271 956
Unspent Conditional Government Grants	33 460 083	-	-	33 460 083
Total	88 616 956	20 024 294	4 481 974	113 123 224

49.5 Other price risk (Market Risk)

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Municipality is not exposed to any other price risk.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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50 FINANCIAL INSTRUMENTS

The Municipality recognised the following financial instruments at amortised cost:

Financial Assets

Cash and Cash Equivalents	7 187 397	18 532 065
Receivables from Exchange transactions	33 355 213	30 561 431
Total	40 542 610	49 093 496

Financial Liabilities

Current Portion of Long-term Liabilities	4 111 571	3 598 571
Payables from exchange transactions	75 109 292	49 271 956
Unspent Conditional Government Grants	4 340 926	33 460 083
Long-Term Liabilities	16 469 708	18 776 951
Total	100 031 497	105 107 561

51 STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the Municipality are classified as follows:

Receivables from Non-Exchange Transactions	12 496 299	12 983 956
Rates	10 963 412	11 421 285
Fines	1 532 887	1 562 671
Taxes	90 816	2 971 515
Total	12 587 115	15 955 471

The amounts above are disclosed after any provision for impairment has been taken into account.

52 EVENTS AFTER REPORTING DATE

The Municipality had no significant events after reporting date.

53 IN-KIND DONATIONS AND ASSISTANCE

The Municipality did not receive any in-kind donations or assistance during the year under review.

54 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

The Municipality did not enter into any PPP's in the current and prior year.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand			2019	2018	
55	CONTINGENT LIABILITIES				
The Municipality were exposed to the following contingent liabilities at year end:					
55.1	Matter against the Municipality by Jimmy Barnard		50 000	50 000	
This matter has been finalised but legal costs still have to be taxed or agreed. The legal costs for which the Municipality may be liable are estimated at R50 000.					
55.2	Matter against the Municipality by Mathilda Smith		15 000	15 000	
This applicant is claiming for damages amounting to R15 000. Since 2010, the applicant's attorneys has not taken any action on this matter. However, in 2015 she instructed her attorneys to continued with the matter.					
55.3	Matter against the Municipality by Siphokazi Sinxo (on behalf of her minor son, Lunje Sinxo)		1 800 000	1 800 000	
The applicant is claiming for damages amounting to R1 400 000 in total. These damages relate to an injury her son obtained on the property of the Municipality when an entrance gate became dislodged and fell on her son. Legal costs are estimated at approximately R 400 000.					
55.4	Matter against the Municipality by Patt Gooddall		142 000	142 000	
The applicant is pleading sett of services against road and stormwater for the amount to R 92 000. The legal cost for which the Municipality may be liable are estimated at R 50 000.					
55.5	Matter against the Municipality by Elandsbaai Handelsmaatskappy		1 052 000	700 000	
The applicant claims against infringement of property for the amount of R 652 000. The legal cost for which the Municipality may be liable are estimated at R 400 000.					
55.6	Matter against the Municipality by MJ Coetzee		250 000	250 000	
This matter involves an application by the owners of Erf 234 Graafwater against the Municipality for declaratory relief, alternatively a review regarding the decision taken in respect of an application for consent use. The matter in ongoing , pleadings have closed and the Applicants have to set it down for hearing. The legal costs and disbursements that the Municipality may be liable for in the event that the application is successful, is estimated at R 250 000.					
56	RELATED PARTIES				
All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.					
56.1	Related Party Loans				
There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.					
56.2	Compensation of management personnel				
Remuneration of management personnel are disclosed in notes 30 and 31.					
56.3	Other transactions in terms of Section 45 of the Municipal Supply Chain Regulations				
The following awards were made where immediate family members are in the service of the State:					
	Company Name	Relationship	Position of person in service of the state	Amount	Amount
	P J Sobekwa	Brother of J Sobekwa	Foreman at Cederberg Municipality	92 600	79 250
	HM Henderson	Sister of C Henderson	Senior clerk store at Cederberg Municipality	8 360	95 548
	Nelodia Transport	Wife of WK Nel	Admin clerk at the SAPS	2 400	-
	RJ Swartz	Son of R Swartz	Police officer at the SAPS	1 956	-
	Total			105 316	174 798

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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57 FINANCIAL SUSTAINABILITY

In the current year a financial turn-around strategy was implemented as part of the long-term financial plan. The results of the said implementation were as follow:

- The current assets to liabilities ratio decreased to 0.58:1 in comparison with 0.69:1 of the prior year.
- The average creditors' repayment days increased from 93 days to 108 days.
- Despite a worsening economic conditions and drought, the Municipality collection rate increase from 85% to 87%

In addition, harsh austerity measures has been implemented. The 2019/20 budget approved by Council is projecting a cash surplus of R16 149 955 over the MTREF period. The said austerity measures will have no negative impact on service delivery.

58 B-BBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

CEDERBERG LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2019

INSTITUTION	LOAN NUMBER	RATE	MATURITY DATE	OPENING BALANCE 1 JULY 2018	RECEIVED DURING YEAR	REDEEMED DURING YEAR	CLOSING BALANCE 30 JUNE 2019
<u>ANNUITY LOANS</u>							
ABSA	038-723-0991	9.84%	30 Sep 2018	285 189	-	(285 189)	-
ABSA	038-723-0992	9.84%	1 April 2025	2 383 078	-	(249 398)	2 133 680
ABSA	038-723-0993	10.43%	17 June 2025	3 998 843	-	(406 126)	3 592 717
ABSA	038-723-0994	10.45%	17 Nov 2025	1 689 005	-	(155 103)	1 533 902
ABSA	038-723-0995	10.45%	17 Aug 2028	1 762 393	-	(144 275)	1 618 118
Standard Bank	03-263-793-4	10.36%	31 Mar 2023	7 490 243	-	(1 211 986)	6 278 257
Total Annuity Loans				17 608 751	-	(2 452 077)	15 156 674
<u>FINANCE LEASE LIABILITIES - PRINTERS</u>							
Printers D3Q20B			31 Dec 2019	30 355	-	(19 234)	11 121
Printers MPC305SPF			31 Dec 2019	32 923	-	(20 854)	12 069
Printers MPC2004SP			30 Apr 2020	130 105	-	(66 930)	63 175
Printers MPC8003SP			30 Apr 2020	126 506	-	(64 332)	62 174
Xerox AltaLink C8055			28 Feb 2021	72 303	-	(23 601)	48 702
Xerox Versalink C7025			28 Feb 2021	536 066	-	(174 982)	361 085
Samsung 057400 Pabx System			31 May 2022	-	1 835 281	(32 963)	1 802 318
Total Finance Lease Liabilities - Printers				928 258	1 835 281	(402 896)	2 360 644
<u>FINANCE LEASE LIABILITIES - VEHICLES</u>							
Isuzu Kb 250C Fleetside Regular Cab	00089668811		1 Jul 2022	194 120	-	(39 985)	154 135
Isuzu Kb 250C Fleetside Regular Cab	00089668986		1 Jul 2022	194 120	-	(39 985)	154 135
Isuzu Kb 250C Fleetside Regular Cab	00089669184		1 Jul 2022	194 120	-	(39 985)	154 135
Chevrolet Utility 1.4 + A/C (M18)	00089669583		1 Jul 2022	145 301	-	(29 930)	115 372
Chevrolet Utility 1.4 + A/C (M18)	00089670107		1 Jul 2022	145 301	-	(29 930)	115 372
Isuzu Kb 250C Fleetside Regular Cab	00089670301		1 Jul 2022	194 120	-	(37 970)	156 150
Isuzu Kb 250C Fleetside Regular Cab	00089733109		1 Aug 2022	198 276	-	(39 833)	158 443
Isuzu Kb 250C Fleetside Regular Cab	00089733338		1 Aug 2022	349 911	-	(70 295)	279 616
Isuzu N Series NLR 150	00089733443		1 Aug 2022	378 476	-	(76 034)	302 442
Isuzu Kb 250C Fleetside Regular Cab	00089733478		1 Aug 2022	198 276	-	(39 833)	158 443
Isuzu N Series NLR 150	00089733656		1 Aug 2022	378 476	-	(76 034)	302 442
Isuzu N Series NLR 150	00089733664		1 Aug 2022	378 476	-	(76 034)	302 442
Isuzu N Series NLR 150	00089733915		1 Aug 2022	378 476	-	(76 034)	302 442
Isuzu Kb 250C Fleetside Regular Cab	00089734008		1 Aug 2022	198 276	-	(39 833)	158 443
Toyota Etios Sedan 1.5SD Sprint	00089760637		1 Aug 2022	156 393	-	(31 419)	124 974
Toyota Etios Sedan 1.5SD Sprint	00089760769		1 Aug 2022	156 393	-	(31 419)	124 974
Total Finance Lease Liabilities - Vehicles				3 838 512	-	(774 551)	3 063 961
Total Long-Term Liabilities				22 375 521	1 835 281	(3 629 524)	20 581 279

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APPENDIX B (UNAUDITED)

DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2019

	OPENING BALANCE R	GRANTS RECEIVED / (REPAID) R	TRANSFERRED TO REVENUE (OPERATING) R	TRANSFERRED TO REVENUE (CAPITAL) R	OTHER MOVEMENT R	CLOSING BALANCE R
NATIONAL GOVERNMENT						
Equitable Share	-	45 080 030	(45 080 030)	-	-	-
Municipal Infrastructure Grant (MIG)	2 286 030	7 347 970	(1 907 568)	(7 726 432)	-	-
Financial Management Grant (FMG)	-	1 620 000	(1 620 000)	-	-	-
Integrated National Electrification Programme (INEP)	-	8 000 000	(1 043 478)	(6 956 522)	-	-
Expanded Public Works Program (EPWP)	-	1 819 000	(1 819 000)	-	-	-
Water Service Infrastructure Grant (WSIG)	7 936 248	-	(870 194)	(5 811 293)	-	1 254 762
Municipal Disaster Grant	4 899 040	-	(639 005)	(4 260 035)	-	-
Total	15 121 318	63 867 000	(52 979 275)	(24 754 281)	-	1 254 762
PROVINCIAL GOVERNMENT						
Human Settlement Development Grant	-	67 791 739	(22 564 747)	(43 578 346)	-	1 648 646
Library Services MRF	66 451	4 400 000	(4 446 451)	(20 000)	-	-
CDW Support	88 141	-	(79 252)	-	-	8 889
Housing Consumer Education	2 247	(2 247)	-	-	-	-
Municipal Drought Support Grant	5 398 259	-	(1 036 813)	(4 092 657)	-	268 788
Local Government Graduate Internship Grant	60 401	72 000	(39 513)	-	-	92 888
Financial Management Support Grant	222 630	788 072	(679 162)	(286 956)	-	44 584
Municipal Capacity Building Grant	-	360 000	(92 164)	-	-	267 836
Acceleration of Housing Delivery	12 420 736	-	(1 529 045)	(10 193 633)	-	698 058
Thusong Service Centre Grant	79 900	110 000	(181 002)	-	-	8 898
Municipal Disaster Grant	-	680 000	(632 423)	-	-	47 577
Road Maintenance (Proclaimed)	-	69 972	(69 972)	-	-	-
Total	18 338 765	74 269 536	(31 350 544)	(58 171 592)	-	3 086 164
ALL SPHERES OF GOVERNMENT	33 460 083	138 136 536	(84 329 819)	(82 925 874)	-	4 340 926

CEDERBERG LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
Financial Performance						
Property rates	43 322 800	2 178 891	45 501 691	42 146 144	(3 355 547)	41 372 155
Service charges	134 687 300	2 505 925	137 193 225	128 887 500	(8 305 725)	120 342 155
Investment revenue	1 898 600	-	1 898 600	892 942	(1 005 658)	1 426 564
Transfers and subsidies - operational	65 299 600	23 823 588	89 123 188	84 329 819	(4 793 369)	57 682 108
Other own revenue	35 175 500	198 665	35 374 165	41 231 158	5 856 993	27 181 022
Total Operating Revenue (excluding capital transfers)	280 383 800	28 707 069	309 090 869	297 487 563	(11 603 306)	248 004 004
Employee costs	106 311 100	(1 071 837)	105 239 263	104 143 924	(1 095 339)	93 658 527
Remuneration of councillors	5 429 400	5 073	5 434 473	5 392 291	(42 182)	5 293 216
Debt impairment	38 009 300	1 294 700	39 304 000	37 511 790	(1 792 210)	26 296 551
Depreciation and asset impairment	18 115 000	31 000	18 146 000	16 437 235	(1 708 765)	16 104 528
Finance charges	8 289 000	517 879	8 806 879	8 158 870	(648 009)	8 108 179
Bulk purchases	74 236 900	(27 350)	74 209 550	71 810 102	(2 399 448)	68 531 369
Other Materials	6 269 300	3 294 000	9 563 300	-	(9 563 300)	-
Contracted Services	16 881 000	25 348 701	42 229 701	38 301 687	(3 928 014)	22 175 985
Transfers and grants	898 800	630 308	1 529 108	1 066 144	(462 964)	1 021 052
Other expenditure	17 304 000	2 368 512	19 672 512	28 260 756	8 588 244	28 058 850
Loss on disposal of PPE	-	-	-	480 287	480 287	353 321
Total Expenditure	291 743 800	32 390 986	324 134 786	311 563 086	(12 571 700)	269 601 578
Surplus/(Deficit)	(11 360 000)	(3 683 917)	(15 043 917)	(14 075 523)	968 394	(21 597 574)
Transfers and subsidies - capital (monetary)	58 473 400	26 541 312	85 014 712	82 925 874	(2 088 838)	33 979 081
Transfers and subsidies - capital (in-kind)	-	10 364 773	10 364 773	11 476 772	1 111 999	1 046 370
Surplus/(Deficit) for the year	47 113 400	33 222 168	80 335 568	80 327 122	(8 446)	13 427 877
Capital expenditure & funds sources						
Capital expenditure	68 091 327	37 529 191	105 620 518	104 238 676	(1 381 842)	46 352 173
Transfers recognised - capital	58 473 327	26 541 384	85 014 711	83 069 785	(1 944 926)	33 887 554
Public contributions & donations	-	10 364 773	10 364 773	11 476 772	1 111 999	-
Borrowing	800 000	(800 000)	-	-	-	4 477 345
Internally generated funds	8 818 000	1 423 034	10 241 034	9 692 119	(548 915)	7 987 274
Total sources of capital funds	68 091 327	37 529 191	105 620 518	104 238 676	(1 381 842)	46 352 173
Cash flows						
Net cash from (used) operating	75 197 945	5 132 393	80 330 338	82 408 547	2 078 210	40 872 451
Net cash from (used) investing	(70 634 841)	(24 620 904)	(95 255 745)	(90 224 542)	5 031 203	(44 438 894)
Net cash from (used) financing	(3 260 115)	208 115	(3 052 000)	(3 528 674)	(476 674)	(202 383)
Net Cash Movement for the year	1 302 989	(19 280 396)	(17 977 407)	(11 344 668)	6 632 739	(3 768 825)
Cash/cash equivalents at beginning of year	2 505 080	16 026 985	18 532 064	18 532 065	1	22 300 890
Cash/cash equivalents at the year end	3 808 069	(3 253 412)	554 657	7 187 397	6 632 739	18 532 065

CEDERBERG LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
REVENUE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	40 124 400	(73 859)	40 050 541	40 041 682	(8 859)	7 446 712
Finance and administration	55 330 400	2 143 444	57 473 844	59 529 265	2 055 421	50 129 479
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	4 711 500	826 351	5 537 851	5 395 041	(142 810)	4 296 714
Sport and recreation	3 972 500	-	3 972 500	2 846 579	(1 125 921)	3 052 791
Public safety	-	-	-	-	-	-
Housing	16 800 000	53 527 322	70 327 322	66 978 996	(3 348 326)	7 618 103
Economic and environmental services						
Planning and development	18 672 900	4 921 136	23 594 036	22 881 677	(712 359)	25 220 738
Road transport	23 330 100	756 814	24 086 914	23 034 478	(1 052 436)	18 649 872
Trading services						
Energy sources	89 344 300	6 766 294	96 110 594	92 890 437	(3 220 157)	91 743 061
Water management	63 335 600	(14 358 752)	48 976 848	44 312 177	(4 664 671)	41 484 976
Waste water management	13 374 900	739 631	14 114 531	13 271 403	(843 128)	18 004 671
Waste management	9 860 600	10 364 773	20 225 373	20 708 473	483 100	15 382 337
Total Revenue - Standard	338 857 200	65 613 154	404 470 354	391 890 208	(12 580 146)	283 029 454
EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	11 822 800	(119 873)	11 702 927	11 096 941	(605 986)	10 440 298
Finance and administration	96 026 000	(19 182 708)	76 843 292	75 169 026	(1 674 266)	86 847 796
Internal audit	812 800	58 398	871 198	842 310	(28 888)	725 874
Community and public safety						
Community and social services	6 328 300	20 555	6 348 855	6 053 043	(295 812)	5 290 801
Sport and recreation	10 551 800	602 266	11 154 066	10 913 370	(240 696)	10 205 360
Public safety	-	-	-	-	-	-
Housing	3 094 100	25 193 421	28 287 521	24 219 622	(4 067 899)	3 300 487
Economic and environmental services						
Planning and development	5 920 600	(209 915)	5 710 685	5 289 689	(420 996)	5 086 699
Road transport	36 924 000	1 653 834	38 577 834	36 721 039	(1 856 795)	30 036 312
Trading services						
Energy sources	83 722 300	1 005 845	84 728 145	82 097 594	(2 630 551)	78 221 374
Water management	17 478 900	10 698 691	28 177 591	28 272 060	94 469	19 083 654
Waste water management	8 161 800	7 432 436	15 594 236	15 413 612	(180 624)	9 035 015
Waste management	10 900 400	5 238 036	16 138 436	15 474 782	(663 654)	11 327 906
Total Expenditure - Standard	291 743 800	32 390 986	324 134 786	311 563 088	(12 571 698)	269 601 576
Surplus/(Deficit) for the year	47 113 400	33 222 168	80 335 568	80 327 120	(8 448)	13 427 878

CEDERBERG LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)						
REVENUE						
Vote 1 - Executive and Council	40 124 400	(73 859)	40 050 541	40 041 682	(8 859)	7 378 979
Vote 2 - Office of Municipal Manager	-	132 401	132 401	39 513	(92 888)	107 212
Vote 3 - Financial Services	50 693 800	2 792 414	53 486 214	56 980 849	3 494 635	47 264 574
Vote 4 - Community Development Services	35 879 600	585 493	36 465 093	33 412 639	(3 052 454)	35 425 688
Vote 5 - Corporate and Strategic Services	573 800	360 000	933 800	411 875	(521 925)	635 576
Vote 6 - Engineering and Planning Services	211 393 600	61 828 003	273 221 603	261 003 650	(12 217 953)	192 102 777
Vote 7 - Risk Management and Legal Services	192 000	(11 298)	180 702	-	(180 702)	114 648
Total Revenue by Vote	338 857 200	65 613 154	404 470 354	391 890 208	(12 580 146)	283 029 454
EXPENDITURE						
Vote 1 - Executive and Council	8 906 100	311 290	9 217 390	8 453 882	(763 508)	8 009 969
Vote 2 - Office of Municipal Manager	3 843 800	(11 446)	3 832 354	3 831 188	(1 166)	3 575 393
Vote 3 - Financial Services	62 910 100	(17 160 413)	45 749 687	44 929 810	(819 877)	56 575 351
Vote 4 - Community Development Services	52 654 500	621 351	53 275 851	49 729 307	(3 546 544)	43 508 561
Vote 5 - Corporate and Strategic Services	16 702 000	(224 108)	16 477 892	16 382 834	(95 058)	18 245 977
Vote 6 - Engineering and Planning Services	145 072 700	48 728 581	193 801 281	186 656 466	(7 144 815)	138 102 084
Vote 7 - Risk Management and Legal Services	1 654 600	125 731	1 780 331	1 579 601	(200 730)	1 584 241
Total Expenditure by Vote	291 743 800	32 390 986	324 134 786	311 563 088	(12 571 698)	269 601 576
Surplus/(Deficit) for the year	47 113 400	33 222 168	80 335 568	80 327 120	(8 448)	13 427 878

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APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
REVENUE AND EXPENDITURE						
REVENUE BY SOURCE						
Property rates	43 322 800	2 178 891	45 501 691	42 146 144	(3 355 547)	41 372 155
Service charges - electricity revenue	86 156 100	1 766 294	87 922 394	84 699 555	(3 222 839)	79 800 801
Service charges - water revenue	29 354 300	-	29 354 300	25 746 763	(3 607 537)	23 925 988
Service charges - sanitation revenue	9 752 200	739 631	10 491 831	9 648 703	(843 128)	9 451 705
Service charges - refuse revenue	9 424 700	-	9 424 700	8 792 479	(632 221)	7 163 661
Rental of facilities and equipment	499 100	-	499 100	3 274 156	2 775 056	3 451 935
Interest earned - external investments	1 898 600	-	1 898 600	892 942	(1 005 658)	1 426 564
Interest earned - outstanding debtors	3 081 500	571 523	3 653 023	3 996 023	343 000	2 067 817
Fines, penalties and forfeits	20 185 300	741 100	20 926 400	21 157 496	231 096	15 293 744
Licences and permits	-	-	-	-	-	-
Agency services	3 175 400	15 714	3 191 114	3 332 665	141 551	3 101 335
Transfers and subsidies - Operating	65 299 600	23 823 588	89 123 188	84 329 819	(4 793 369)	57 682 108
Other revenue	8 234 200	(1 129 672)	7 104 528	9 470 818	2 366 290	3 266 191
Gain on disposal of PPE	-	-	-	-	-	-
Total Revenue (excl capital transfers)	280 383 800	28 707 069	309 090 869	297 487 563	(11 603 306)	248 004 004
EXPENDITURE BY TYPE						
Employee related costs	106 311 100	(1 071 837)	105 239 263	104 143 924	(1 095 339)	93 658 527
Remuneration of councillors	5 429 400	5 073	5 434 473	5 392 291	(42 182)	5 293 216
Debt impairment	38 009 300	1 294 700	39 304 000	37 511 790	(1 792 210)	26 296 551
Depreciation and asset impairment	18 115 000	31 000	18 146 000	16 437 235	(1 708 765)	16 104 528
Finance charges	8 289 000	517 879	8 806 879	8 158 870	(648 009)	8 108 179
Bulk purchases	74 236 900	(27 350)	74 209 550	71 810 102	(2 399 448)	68 531 369
Other Materials	6 269 300	3 294 000	9 563 300	-	(9 563 300)	-
Contracted Services	16 881 000	25 348 701	42 229 701	38 301 687	(3 928 014)	22 175 985
Transfers and grants	898 800	630 308	1 529 108	1 066 144	(462 964)	1 021 052
Other expenditure	17 304 000	2 368 512	19 672 512	28 260 756	8 588 244	28 058 850
Loss on disposal of PPE	-	-	-	480 287	480 287	353 321
Total Expenditure	291 743 800	32 390 986	324 134 786	311 563 086	(12 571 700)	269 601 578
Surplus/(Deficit)	(11 360 000)	(3 683 917)	(15 043 917)	(14 075 523)	968 394	(21 597 574)
Transfers and subsidies - Capital (monetary)	58 473 400	26 541 312	85 014 712	82 925 874	(2 088 838)	33 979 081
Transfers and subsidies - Capital (in-kind)	-	10 364 773	10 364 773	11 476 772	1 111 999	1 046 370
Surplus/(Deficit) for the year	47 113 400	33 222 168	80 335 568	80 327 122	(8 446)	13 427 877

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APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
CAPITAL EXPENDITURE						
CAPITAL EXPENDITURE (MUNICIPAL VOTE)						
Multi-year expenditure						
Vote 6 - Engineering and Planning Services	50 234 175	(2 163 617)	48 070 558	48 504 811	434 253	24 320 111
Total Multi-year expenditure	50 234 175	(2 163 617)	48 070 558	48 504 811	434 253	24 320 111
Single-year expenditure						
Vote 1 - Executive and Council	80 500	46 134	126 634	2 290	(124 344)	59 549
Vote 2 - Office of Municipal Manager	-	13 000	13 000	-	(13 000)	-
Vote 3 - Financial Services	1 457 000	(293 100)	1 163 900	597 283	(566 617)	5 160 336
Vote 4 - Community Development Services	1 229 000	3 109 153	4 338 153	4 064 349	(273 804)	7 389 934
Vote 5 - Corporate and Strategic Services	2 260 000	(1 149 609)	1 110 391	2 571 506	1 461 115	1 041 352
Vote 6 - Engineering and Planning Services	12 830 652	37 949 230	50 779 882	48 485 117	(2 294 765)	8 380 891
Vote 7 - Risk Management and Legal Services	-	18 000	18 000	13 320	(4 680)	-
Total Single-year expenditure	17 857 152	39 692 808	57 549 960	55 733 866	(1 816 094)	22 032 062
Total Capital Expenditure by Vote	68 091 327	37 529 191	105 620 518	104 238 676	(1 381 842)	46 352 173
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	80 500	59 134	139 634	2 290	(137 344)	59 549
Finance and administration	3 987 000	(1 645 500)	2 341 500	3 215 591	874 091	6 273 256
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	123 000	(3 800)	119 200	110 605	(8 595)	512 665
Sport and recreation	1 356 000	3 135 673	4 491 673	4 164 353	(327 320)	573 909
Public safety	-	-	-	-	-	-
Housing	14 608 696	29 412 260	44 020 956	43 578 346	(442 610)	6 290 712
Economic and environmental services						
Planning and development	12 849 826	5 777 161	18 626 987	18 435 157	(191 830)	22 156 610
Road transport	880 000	6 029 563	6 909 563	7 169 905	260 342	220 773
Trading services						
Energy sources	3 558 696	4 510 592	8 069 288	7 939 661	(129 627)	4 391 831
Water management	29 067 609	(11 059 021)	18 008 588	16 710 966	(1 297 622)	5 526 691
Waste water management	930 000	1 910 240	2 840 240	2 858 914	18 674	325 577
Waste management	650 000	(597 111)	52 889	52 889	(0)	20 600
Total Capital Expenditure - Standard	68 091 327	37 529 191	105 620 518	104 238 676	(1 381 842)	46 352 173

CEDERBERG LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
CAPITAL EXPENDITURE (CONTINUED)						
FUNDING SOURCES						
National Government	43 821 131	(17 977 141)	25 843 990	25 184 614	(659 376)	24 324 712
Provincial Government	14 652 196	44 518 525	59 170 721	57 885 171	(1 285 550)	9 562 843
District Municipality	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-
Transfers recognised - capital	58 473 327	26 541 384	85 014 711	83 069 785	(1 944 926)	33 887 554
Public contributions & donations	-	10 364 773	10 364 773	11 476 772	1 111 999	-
Borrowing	800 000	(800 000)	-	-	-	4 477 345
Internally generated funds	8 818 000	1 423 034	10 241 034	9 692 119	(548 915)	7 987 274
Total Capital Funding	68 091 327	37 529 191	105 620 518	104 238 676	(1 381 842)	46 352 173

CEDERBERG LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
CASH FLOWS						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates, penalties & collection charges	37 192 200	6 943 000	44 135 200	38 334 319	(5 800 881)	37 273 891
Service charges	114 507 902	5 351 574	119 859 476	113 481 344	(6 378 132)	101 827 340
Other revenue	19 212 628	(5 501 486)	13 711 142	14 993 665	1 282 523	11 897 469
Government - operating	58 056 307	23 081 527	81 137 834	55 210 665	(25 927 170)	58 827 195
Government - capital	59 493 693	46 291	59 539 984	82 925 874	23 385 890	33 979 081
Interest	3 195 325	2 356 298	5 551 623	892 942	(4 658 681)	1 426 564
Payments						
Suppliers and employees	(212 790 659)	(26 386 275)	(239 176 934)	(220 003 703)	19 173 231	(200 623 113)
Finance charges	(2 799 452)	(99 427)	(2 898 879)	(2 360 413)	538 466	(2 714 924)
Transfers and grants	(870 000)	(659 108)	(1 529 108)	(1 066 144)	462 964	(1 021 052)
NET CASH FROM OPERATING ACTIVITIES	75 197 945	5 132 393	80 330 338	82 408 547	2 078 210	40 872 451
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	-	-	-	702 082	702 082	199 051
Payments						
Capital assets	(70 634 841)	(24 620 904)	(95 255 745)	(90 926 624)	4 329 121	(44 637 945)
NET CASH USED IN INVESTING ACTIVITIES	(70 634 841)	(24 620 904)	(95 255 745)	(90 224 542)	5 031 203	(44 438 894)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	-	-	-	-	-	3 550 129
Increase (decrease) in consumer deposits	105 734	(105 734)	-	100 850	100 850	141 540
Payments						
Repayment of borrowing	(3 365 849)	313 849	(3 052 000)	(3 629 524)	(577 524)	(3 894 052)
NET CASH FROM FINANCING ACTIVITIES	(3 260 115)	208 115	(3 052 000)	(3 528 674)	(476 674)	(202 383)
NET INCREASE/ (DECREASE) IN CASH HELD	1 302 989	(19 280 396)	(17 977 407)	(11 344 668)	6 632 739	(3 768 825)
Cash/cash equivalents at the year begin:	2 505 080	16 026 985	18 532 064	18 532 065	1	22 300 890
Cash/cash equivalents at the year end:	3 808 069	(3 253 412)	554 657	7 187 397	6 632 740	18 532 065